Daily Report

Latin America

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FBIS-LAT-95-060 *29 March 1995*

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Observers Urge 'Immediate' Cease-Fire After Incident

PY2903024295 Lima Global de Television Network in Spanish 0130 GMT 29 Mar 95

[FBIS Translated Text] The mission of military observers for Peru and Ecuador has issued a communique reporting having heard three shots fired 600 and 1,000 meters north of Watch Post No. 1 [PV1] yesterday.

The communique states that this incident has seriously affected the development of the international mission's activities because it has placed the lives of the observers and the fulfillment of the peace agreements signed by the two countries at risk.

As a result of the incident, the mission requested an immediate cease-fire as an indispensable condition to prevent the eventual withdrawal of the observers from PV1 and from Coangos post, in Ecuador.

Peruvian Official Urges Measures To Prevent Arms Race

PY2903012795 Madrid EFE in Spanish 2304 GMT 28 Mar 95

[FBIS Translated Text] Vina del Mar, Chile, 28 Mar (EFE)—Peruvian Deputy Foreign Minister Eduardo Ponce made a call today to prevent an arms race in the area during the opening of the 14th General Conference of the Organization To Ban Nuclear Weapons in Latin America (Opanal).

Ponce said: "There will be no peace, security, and development if international security is not able to fully guarantee respect for the law, international treaties, arbitration decisions, and the consolidation of established borders."

Ponce referred to the document entitled "International Arms Trade," published by the Holy See in 1994, and noted the need to establish an international regulation for the transfer of weapons under legal regulations, with strict verification measures.

Ponce said there is a close and obvious link between the violation of international border treaties and the emergence of situations of tension that lead to an arms race.

Ponce said his government "will avoid falling into an arms race because it would be an historic mistake and would have, given the current world situation, dreadful consequences for our economy and for the entire region."

Regarding the Opanal, of which he is vice president, Ponce proposed a study of the possibility of expanding the organization's jurisdiction to the proscription of chemical and bacteriological weapons, and also to join the nuclear-free zones of the South Pacific, Africa, the South Atlantic, and the Antarctic in order to proscribe nuclear weapons from the entire Southern Hemisphere.

Andean Group, Mercosur Fail To Progress on Tariffs

PY2903032295 Madrid EFE in Spanish 2345 GMT 27 Mar 95

[FBIS Translated Text] Santa Cruz, Bolivia, 27 Mar (EFE)—The stubborn position of the members of the Mercosur [Common Market of the South] places in difficulty and makes more distant the possibility of integrating it into the Andean Pact, Gary Rodriguez, Bolivian advisor who attended the meeting of the two organizations in Montevideo last week, said today.

Rodriguez said that the delegates of the five Andean countries (Bolivia, Colombia, Ecuador, Peru, and Venezuela) held meetings on 23 and 24 March with the representatives of the Mercosur (Argentina, Uruguay, Brazil, and Paraguay) without making any significant progress.

Contrary to the plans made, the talks failed because the Mercosur representatives decided, on the second day of the negotiations, that the meeting could not continue due to disagreements on several points of the agenda.

One of the points refers to the tariff differences defended by the Andean Group as the terms for negotiating agreements on the liberation of products. They are the same terms that set the basis for the 1980 Montevideo Treaty signed by the Latin American Integration Association (ALADI).

Those terms define Bolivia, Ecuador, and Peru as countries of relatively lesser economic development, while Argentina and Brazil are considered of greater development in the region. The remaining eight ALADI countries are considered of intermediate development.

The Mercosur does not want to recognize the tariff differences or grant differentiated treatment to the countries of lesser development. This was the first point of disgreement.

Rodriguez said that another important point of disagreement is the one referring to the establishment of price bands for negotiating products that are considered a historic right in tariff concessions.

Mercosur wants the enforcement of its terms, which contemplate a very wide price band in the lower level in relation to the band in the higher level. If this is enforced, there will be a concept of inequity that would not favor the Andean countries.

Rodriguez said: "Falling from tariffs of 100 to 80 percent and climbing from tariffs of 20 to 40 percent is not the same thing." Rodriguez explained that the bands are currently designed to allow the Mercosur to obtain higher prices, to the detriment of the Andean Group.

Rodriguez said: During the three technical meetings held between the Andean Group and the Mercosur, the environment always seems to have been the same: A group of

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five countries are leading the negotiations, offering several choices to overcome the problems, while the other group, comprised of four countries, has maintained the same position since the start of the negotiations.

He added: "The Andean countries have submitted at least five different proposals for negotiations, while the Mercosur continues to maintain an orthodox, inflexible, and dogmatic position. The Mercosur wants to negotiate a free trade zone, but exclusively under its own negotiating terms."

No date was set for the resumption of the talks that were suspended by the Mercosur delegate. Rodriguez said, however, that the Mercosur announced it will evaluate, at a consultative meeting of the Merecosur foreign ministers, how to deal with the main points of disagreement.

Rodriguez said the commitment is to make that evaluation within 15 days, and that it is up to the Mercosur, "which is now running the ball," to start the negotiations and to conclude them on time.

Rodriguez said it should not be forgotten that the Mercosur established 3 June of this year as the deadline "for resolving the issue of integration with the Andean market by doing away with the agreements on the historic rights."

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Cuba

Castro Discusses Relations With U.S.

BR2803112895 Paris PARIS MATCH in French 30 Mar 95 pp 62-63

[Interview with President Fidel Castro by Jean-Francois Chaigneau in Chailley; date not given]

[FBIS Translated Excerpt] [Passage omitted] [Chaigneau] You feel like a pilgrim traveling the world preaching the crusade against the embargo?

[Castro] Yes, I am indeed this pilgrim.

[Chaigneau] And what are the arguments you use to try to convince people?

[Castro] First of all, the right to live, the right to equality, to justice, and the duty to fight against a crime, because this blockade is a crime.

[Chaigneau] But when the blockade will be lifted, do you not fear falling back under the influence of the United States?

[Castro] The United States is very powerful. Many people are under its influence. But I think that we can develop an adequate capacity of resistance to maintain our spirit of independence.

[Chaigneau] Will we see a Castro-Clinton handshake before the end of the century?

[Castro] Clinton would have to be reelected first. And I would have to be in the government for several more years. And finally, that depends on the decision of my fellow citizens.

[Chaigneau] After 36 years in power, do you feel tired?

[Castro] I do not lack either enthusiasm or conviction, but of course I do not have the energy that I had some time ago.

[Chaigneau] Could one imagine a Fidel Castro in retirement?

[Castro] I have a hard time imagining it myself. But it all depends on what you mean by retirement. One can write, think, develop ideas. And when one does that, one is not retired. Someone who can work in his own manner and according to his abilities is never in retirement. In our country, we facilitate the arrival of new personnel, of young people, so that they can replace us. We make it possible for them to increasingly participate in affairs. We yield place to them progressively. We gradually become advisors, consultants for our successors.

[Chaigneau] Have you dreamed of leaving power?

[Castro] It is not we who leave power, it is power which leaves us. [passage omitted]

[Chaigneau] Are you annoyed when someone speaks to you of human rights?

[Castro] That does not annoy me. Our consciences are clear. There is no room for slander. We cannot let ourselves be discouraged. I think that we have worked not only for our own people, our workers, our peasants, our children, but also for other peoples. Because we have shed our blood. We are the only country to have sent combatants against apartheid and racism. And for the end of colonialism in Africa. We have taught multitudes of children throughout the world, we have cared for the sick...we have given everything.

[Chaigneau] In politics as in life, is it not a sign of weakness to not accept opposition?

[Castro] That depends on the type of opposition. Because if it is a North American opposition, it is not a proof of weakness to not tolerate it. But just the opposite, the proof of an extraordinary strength. And it is that type of opposition which we have known. We have defied the strongest power in the world.

[Chaigneau] Have Cuban-U.S. contacts already been established?

[Castro] A long time ago. Various types of contacts, but these are not serious negotiations. It is possible that that could happen. It depends on the government which will win in the United States. There are two types of government in the United States: that of Clinton and that of the Republicans.

[Chaigneau] Which do you prefer?

[Castro] I prefer the government of common sense, the civilized government, the government of good intentions. And I think that Clinton is a man of good intentions. Like Kennedy was also, by the way, like Carter, like Roosevelt. I feel sympathy toward this type of politician. Not toward those who believe in a hegemony. But it is not up to me to take part in their business. After all, I do not vote in the United States.

Fidel, Raul Castro Meet Interior Minister

FL2903032295 Havana Cuba Vision Network in Spanish 0100 GMT 29 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] Commander in Chief Fidel Castro and Raul Castro, Revolutionary Armed Forces minister [FAR], met Vietnamese Army Col. Gen. Bui Thien Ngo, minister of the interior. The talks took place in a fraternal atmosphere, and helped to strengthen the friendly relations between the two countries.

The meeting between Fidel Castro and the Vietnamese visitor took place in the Revolution Palace in Havana. Bui Thien Ngo, who is also a member of the Vietnamese Communist Party, has been visiting Cuba since 21 March in response to an invitation by the Cuban Interior Ministry.

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Bui Thien Ngo and his delegation also met Army General Raul Castro, second secretary of the Party and FAR minister, who was accompanied by Commander of the Revolution Juan Almeida Bosque; Corps Gen. Abelardo Colome Ibarra, Cuban minister of the interior; and Div. Gen. Ulises Rosales del Toro, chief of the Armed Forces General Staff, all of whom are members of the Politburo.

The Vietnamese delegation left Cuba early in the morning of 28 March.

Vice Foreign Minister Attends OPANAL Conference

FL2903023295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 28 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] Fernando Remirez, Cuban first vice foreign minister, has arrived in Santiago de Chile to participate in the 14th conference of OPANAL, the Organization to Ban Nuclear Weapons in Latin America, and the Caribbean.

The 29 nations that have signed the Tlatelolco Treaty will meet from 28 to 30 March in Vina del Mar. Cuba signed the treaty on 25 March, and warned that it will adhere to the treaty so long as a solution is found to the threats to Cuban national security by the United States, the only nuclear power on the continent.

Lage, Lazo Attend People's Council Presidents Meeting

FL2903021295 Havana Radio Reloj Network in Spanish 2059 GMT 28 Mar 95

[FBIS Translated Text] Politburo members Carlos Lage and Esteban Lazo are participating in an ongoing meeting of Havana People's Council presidents in Lenin Park. Carlos Carcano, director of the local fuel enterprise, stated that participants are discussing fuel distribution and its current situation. Carcano went on to say that the fuel enterprise coordinated efforts in Havana's municipalities to speed fuel distribution and to handle particular cases. The meeting, chaired by Conrado Martinez, Havana People's Council president, will also discuss business, services, and restaurant issues, among other topics.

Antigua and Barbuda

Finance Minister Presents Budget to Parliament

FL2803155895 Bridgetown CANA in English 1412 GMT 28 Mar 95

[All quotation marks as received]

[FBIS Transcribed Text] St. John's, Antigua, March 27, CANA—Antigua and Barbuda Finance Minister Molwyn Joseph Monday presented a tax-free EC728 million dollar budget to vacant opposition seats and chanting protesters outside parliament.

Parliamentary opposition and United Progressive Party leader Baldwin Spencer led a walk out along with his four other colleagues as Joseph was about to make his presentation.

They joined about 40 opposition demonstrators who were picketing outside parliament demanding a rolling back of unpopular tax measures implemented at the start of the year.

In his hour and half long speech, the finance minister said the government has estimated to spend 366,569,296 million in re-current expenditure.

"Most of this increase is for payment of wages and salaries resulting from the eight per cent increase negotiated by several unions last year," he said.

He added, "I am pleased to say that there will be no new taxes for the fiscal year 1995".

The minister said the government intends to raise about 23 million from tax measures implemented at the start of the year exclusive of the education levy.

"...broadening of the base of other tax measures and the general improvement anticipated in tax collection, the 1995 revenue is expected to be 361,916,006," Joseph said.

He also said the government, "will make a concerted effort to clear through strict controls on expenditures particularly in the areas of travel, telecommunications, government transportation and procurement of goods and services".

The finance minister said the government had budgeted 255.6 million in the development estimates for general administration, provision of social services and investments in economic infrastructure.

The expenditure for the administrative sector is 24.4 million, 50.4 for the social sector and 180.8 in the economic sector.

While not announcing any new taxes, the finance minister said a rolling of the measures implemented could result in hardships for the people as the government seeks to manage its voluntary structural adjustment programme.

"...rolling back of taxes could result in rolling back of health care, rolling back of taxes could result in diminishing the opportunities to educate our people.

"Madame Speaker, it is my hope that we will work together to ensure that the government is able to maintain high employment," the minister said.

The minister also announced a five-point policy objective plan for future economic growth which is based on economic reform, increased investment in the people, energising the private sector, a more efficient public sector and curbing crime.

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As part of the public sector investment programme, the minister said the government intends to construct a new 300-bed hospital, a new home for the elderly, an administrative office complex, 1,000 low and middle income houses and a national cultural complex.

Joseph said the government's voluntary structural adjustment programme would be based on tax reform, expenditure control, civil service reform and debt rescheduling.

"...We can sum up the goal of the government's structural adjustment programme in the expression": protecting the gains of the past while securing sustainable growth for the future.

"The idea of 'securing sustainable growth' is driven by the government's commitment not only to provide good quality employment but also to create opportunities for more nationals to own businesses, and for the country to prosper in secure conditions," he said.

He added, "The key to management of the country's national debt which is estimated at U.S.369 (327 million externally and 42 million domestically) resides in sound fiscal management and the political will to tackle the repayment schedule meaningfully through a proper rescheduling exercise."

"Within recent months we were fortunate in rescheduling some U.S.87 million. This was not a simple deferral of payment."

"We were able to get a 50 per cent forgiveness on a U.S.16 million loan which had risen through currency appreciation. And in addition, we negotiated further forgiveness of any future interest," he added.

The Antigua finance minister also announced government was considering establishment of a stock exchange and amendment of the International Business Corporation Act, "to allow for the possibility of our off shore banks to lend to domestic commercial banks for onlending into our local economy".

"Such loans would be serviced in foreign currency, and would be primarily offered to those companies which have the capacity to repay in hard currency.

"This will be a fillip to the local economy and will help to energise the local private sector while creating new jobs," Joseph said.

The largest slice of budgetary allocation goes to debt payment, 58 million, while the ministry of health receives 51 million, education 46 million and public works 42 million.

Debate on the 1995 budget begin March 29.

Haiti

Spokeswoman for Former Military Regime Killed

PA2903003795 Mexico City NOTIMEX in Spanish 2235 GMT 28 Mar 95

[FBIS Translated Text] Port-au-Prince, 28 Mar (NOTIMEX)—Haitian lawyer Mireille Durocher Bertin, former spokeswoman for groups that supported the previous de facto military regime, was killed today on a street in this capital, police sources reported.

Three men bearing automatic weapons fired at an automobile in which Durocher Bertin and an unidentified client were traveling this afternoon along Martin Luther King Avenue, the sources added.

Aristide Spokesman on Preparations for Clinton Visit

PA2803235095 Port-au-Prince Signal FM Radio in French 1130 GMT 28 Mar 95

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] The big news is the upcoming arrival of U.S. President Bill Clinton in Haiti. Yvon Neptune, a spokesman for President Jean-Bertrand Aristide, gave an exclusive interview to Signal FM on 27 March and said that three days before D day, the presidency is doing all it can to guarantee a warm reception for the various personalities.

U.S. President William Jefferson Clinton will pay a 24-hour visit to Haiti, where he will attend the ceremony marking the transfer of authority from the multinational force to the UN Mission in Haiti, commonly called UNMIH, on 31 March.

Mr. Neptune reports that all is going well at the presidential palace and explains that the population will have the opportunity to express its joy in various places in the capital and—why not—even at the presidential palace. Everything has been planned, and no one seems to be frightened by the climate of insecurity. President Aristide is still exhibiting confidence in the people within the scope of this transition. Bill Clinton will undoubtedly experience that for a few hours. Here is Yvon Neptune:

[Begin recording] [Neptune, in Creole] Since it was officially announced that President Clinton would come to Haiti at the transition from the multinational force to UNMIH, projects at the National Palace....[pauses] There are several activities. The repairs that were undertaken when President Jean-Bertrand Aristide arrived have now been expedited. In addition, several meetings have been held between the presidential team and other mediators on the side of both the U.S. Government and the UN representatives. [passage omitted]

[Journalist Jacques Maurice, in Creole] Mr. Neptune, have you begun to receive people who are preparing for President Clinton's arrival?

[Neptune] Well, we....[pauses] As far as I know, no one has arrived yet. We only have a team that has come—we could say—as scouts to see the situation. I could say they have come to see the place. As I said before, they have also come to sit with the various government teams in the presidency to see how things are going so there is complete satisfaction on the parts of the U.S. President,

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the UN secretary general, President Aristide, and the Haitian people in general as regards this visit.

What we can say is that the UN secretary general will most likely arrive on 30 March, and, as was previously announced, President Clinton will arrive on 31 March. On the whole, the team of U.S. Government officials will arrive on 31 March with President Clinton, obviously not exactly at the same time. The details regarding that will come in time. We hope to provide more detailed information on his arrival before 31 March. [passage omitted] [end recording]

Labor Organization Questions Purpose of Clinton Visit

PA2903021495 Port-au-Prince Signal FM Radio in French 1130 GMT 28 Mar 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] The Confederation of Haitian Workers, CTH, is questioning the meaning of President Clinton's visit to Haiti. In a communique dated 25 March, the CTH says it expects President Clinton's visit to result in the immediate realization of all promises made by the international community and the Clinton administration during the negotiations that led to the restoration of constitutional order in Haiti.

Expressing its conviction that the 31 March visit be used to present President Clinton with a true picture of our disastrous situation, the CTH urges the United States to put itself on the right track toward a real, definitive solution to this endless crisis, which does not honor the country, much less the international community.

Finally, the CTH asks if the U.S. President's visit to Haiti is aimed at increasing his popularity in view of the U.S. elections, or is it to benefit the Haitian people? The CTH tells President Aristide to avoid behaving like a blinded roisterer during the U.S. President's visit.

Government 'Publicly Apologizes' to Journalists

PA2803133195 Port-au-Prince Signal FM Radio in French 1130 GMT 27 Mar 95

[FBIS Translated Text] The Haitian presidency officially and publicly apologized to a group of Haitian journalists who were manhandled at the National Palace by President Jean-Bertrand Aristide's bodyguards on 22 March. The camera and the video tape of a Haitian Television Network team, which had been seized by the bodyguards, were given back to their owners by President Aristide's Cabinet Director Leslie Voltaire, who also announced sanctions against the bodyguards. The journalists were manhandled and their equipment seized while they were filming a person who was being beaten up by members of the presidential security corps. The journalists protested strongly after the incident and boycotted a press briefing by the presidency while demanding a government statement condemning the incident and the return of the confiscated materials.

IDB Disburses $36.3 Million for Debt, Infrastructure

FL2903024395 Bridgetown CANA in English 2115 GMT 28 Mar 95

[FBIS Transcribed Text] Washington, March 28, CANA—The Inter-American Development Bank (IDB) announced Tuesday that it has disbursed U.S. $36.3 million to Haiti as part of a financial assistance programme for the country's economic recovery. The resources consist of two loans and a grant for technical cooperation, which were approved by the bank last January 11.

One loan, of $30 million, is to help the country's balance of payments. The second loan, of $5.76 million, will assist in the rehabilitation of the country's physical infrastructure. It will finance projects that have an immediate impact on the creation of jobs and employment opportunities to improve the people's standard of living, the bank reported.

The $600,000 technical cooperation grant will finance the establishment of an Emergency Implementation Unit under the Office of the Prime Minister, that will carry out the emergency investment projects. The disbursement was carried out on Monday. It was the first by the IDB to Haiti since 1991 when financial assistance to that country was suspended because of a political crisis arising out of a military coup in which the democratically elected government was ousted. After constitutional government was restored last year, the Bank resumed lending activity to Haiti and under its leadership, 17 multilateral and bilateral organisations developed the Emergency Economic Recovery Programme. The disbursement was a bank record for Haiti. Previously, the maximum amount disbursed during a single year totalled approximately $10 million.

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Bank Implements International Emergency Program

PA2803190895 Mexico City EL FINANCIERO in Spanish 27 Mar 95 p 7

[FBIS Translated Text] To guarantee payment of all its debtors' obligations, the National Local Trade Bank [BNCI] has implemented an international emergency program to assist customers whose loans are overdue. This program will apply to loans made with the bank's own resources and loans contracted before 31 December 1994.

General Director Saul Trejos Reyes has sent three directives to the bank's regional offices and 150 branches explaining that the plan is being implemented, because debtors are not meeting their obligations as usual due to high interest rates and reduced sales.

According to one of the directives, a parallel emergency support line of credit for 100 million new pesos was established today for individuals and corporations that owe as much as 150,000 new pesos.

The bank has explained that credit assistance for the restructuring of loans must be formalized during April, May, and June. Interest can be refinanced during this time for as much as 70 percent of the outstanding balance of the loan at the end of last year.

Trejos has said the customer will make fixed monthly payments for 12 months with this new mechanism to amortize at least 5 percent of the outstanding balance at 31 December 1994. The payments will be used to pay for the normal interest of the original loan and to amortize the principal. In all cases, he added, debtors must amortize the principal of the original loan. The application of this parallel line of credit must be authorized by the bank official who handles each customer.

The directives establish certain exceptions for the application of this support line of credit. These exceptions include commercial credit and consumption cards, as well as loans whose collateral consists of federal tax participations granted by states and municipalities.

Another of the directives has outlined the support actions for those who have received unsecured and secured loans for as much as 100,000 new pesos and a three-year deadline. For these instances, the bank has scheduled 36 equal payments to amortize the principal.

This plan, Trejos has said, seeks to help a majority of small- and medium-scale businesses encountering difficulties due to higher interest rates, a trend which the bank expects to be reverted in two months.

Finally, Trejos has said the mechanism of investment units to restructure obligations somehow will formalize the bank's restructuring schemes, which have been drafted in an inflation environment.

Banxico Discloses New Rules for Peso Futures Market

PA2803122695 Mexico City EL FINANCIERO in Spanish 22 Mar 95 p 5

[Report by Rosa Elba Arroyo]

[FBIS Translated Text] The banks that were rescued by the Savings Protection Banking Fund (Fobaproa)—Banco Cremi, Banco Union, Banpais, and Banco Obrero—and the institutions that do not meet the 8.5 percent of capitalization requirement will not be able to participate in the futures market.

The Bank of Mexico [Banxico] reported this in Bulletin 21/95 and set out the conditions under which the futures market in Mexican pesos will be regulated. These operations could start in April.

Meanwhile, to avoid greater volatility in the exchange rate, the nation's financial authorities could announce shortly a quotation system in pesos on the Mexican Stock Exchange (BMV).

The measures seek to concentrate peso operations in the "Centro Bursatil 2000" in order that the individual operations of each bank or exchange house do not drastically influence the currency's value.

According to the Banxico bulletin, the institutions that have joined the Temporary Capitalization Program (Procapte) will have the right to participate in the futures market.

The authorization to quote on that market will be granted "selectively" once the institutions obtain a "satisfactory" rating issued by a consulting firm approved by bank itself.

The rating, according to Banxico, must confirm that the institutions have the technical capacity to engage in this type of operation.

It should be mentioned that the authorization will be for six months, starting the day the authorization is granted, and will be renewable for similar periods at the discretion of Banxico once the requirements demanded by the authorities are met.

The information given adds that the institutions, in turn, must determine if their counterparts meet the necessary credit requirements.

The Banxico bulletin states that the credit institutions that are not intermediaries, stockbrokers, or exchange houses could act as "participants"—a reference to national and foreign individuals and corporations—only when they have the written authorization to act in this capacity from the decisionmaking body of Banxico.

In the purchase and sale of dollars on the futures market, Banxico requires that to carry out these operation the purchaser and seller agree on "a framework contract,"

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containing the amount, exchange rate, date of payment, and, if desired, payment guarantees.

The amount, the rate of exchange, the date of payment, the date of the operation, the premium, and the guarantees can be agreed upon in any way that the "framework contract" stipulates. In this way, these can be agreed upon verbally, in writing, by telephone, or any other electronic means accepted by the parties, as long as there is a written record of this agreement on the same day it is reached.

The bulletin adds that "one selection will be made from among all prior operations: that which has an agreed upon rate of exchange which, subtracted from the rate of exchange agreed upon in the current operation, will yield the highest absolute value." Prior operations are all futures agreements that are in force regarding the purchase and sale of dollars.

Guarantees, Limitations, and Prohibitions

Regarding limitations, Banxico establishes that the total amount of the "considered risk position" in dollar purchase-sale operations on the futures and options markets cannot be higher than the amount by which its net capital exceeds the equivalent of 8 percent of the assets considered in the risk appraisal. According to the new capitalization rules, this amount stands at 8.5 percent.

Regarding guarantees, Banxico establishes that intermediaries in the listed operations are authorized to receive bank titles, drawing rights from bank capitalization instruments, and other types of guarantees.

However, "under no circumstances can intermediaries receive as guarantee collateral bonds [obligaciones subordinadas] or shares issued by financial institutions or financial corporations."

Banxico states that intermediaries should not charge for conducting operations on the options and futures markets. It also states that operations cannot be carried out on behalf of individuals who directly or indirectly control 1 or more percent of the securities included in the paid capital of the intermediary himself or, in its case, of the corporation that controls the financial group or an affiliate thereof; with the members of the board of directors or their alternates; or with any other person whose signature is binding on the intermediary or the controlling corporation.

New Mechanism Causes Confusion

After learning the contents of the Banxico bulletin, sources from the financial sector expressed their confusion and uneasiness given the imminent inauguration of the new market.

The bulletin does not make any reference to the establishment of a clearing house to support the operations of this new market. What is certain is that nothing has been said of the project's progress.

Legislators, Businessmen Back Development Plan Proposal

PA2803161995 Mexico City NOTIMEX in Spanish 0154 GMT 28 Mar 95

[FBIS Translated Text] Mexico City, 27 Mar (NOTIMEX)—Businessmen and legislators belonging to various Mexican political parties today backed yesterday's announcement by President Ernesto Zedillo on carrying out a national consultation to draft the National Development Plan [Plan National de Desarrollo, PND].

Carlos Abascal, president of the Employers Confederation of the Mexican Republic (Coparmex), in urging that the PND be drafted, said: "The emergency measures taken are not enough; instead, they now need to be included in the six-year economic plan."

The business leader believes that the president's initiative is interesting because it "offers the opportunity for the private sector be heard."

On Sunday Zedillo called on all social sectors to present proposals for drafting the National Development Plan, an economic plan the government will implement during the 1995-2000 period.

Ricardo Monreal, senator for the ruling Institutional Revolutionary Party (PRI), said that the presidential initiative is positive because it induces social sectors participate in drafting economic policies.

PRI Deputy Jaime del Rio said that "on this occasion a short time frame will need to be taken into account in view of the current state of emergency and another phase for the remaining part of the six-year period, once economic variables are under control."

He said that in view of this situation, intense work is required to comply with everything outlined in the Constitution, because the PND expires on 31 May.

Meanwhile, conservative National Action Party (PAN) Senator Jose Angel Conchello said that his party will advocate a scheme to promote employment and the creation of medium- and small-sized industries.

He added that the scheme that encourages speculative foreign investment also needs to be modified and legal mechanisms need to be established to prevent the massive flight of capital "as was recently the case, which caused the situation we are now in."

Deputy Jesus Ortega, coordinator of the Party of the Democratic Revolution's (PRD) lower chamber legislative bloc, announced that on 28 March he will present an constitutional reform initiative so that approval of the PND is given by the legislative body.

PRD Foreign Relations Secretary Jorge Calderon said that his party will accept the presidential initiative,

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provided a true commitment exists to modify the fiscal and financial measures that affect the people.

Calderon believes that the six-year plan should contribute to reversing current economic policy because he thinks that the recent increase in the value-added tax and other government measures could cause a collapse in production.

Humberto Gonzalez Vela, leader of the Labor Party's parliamentary faction, admitted that the presidential initiative shows a positive attitude and the political resolve to include citizens, sectors, and parties." [no opening quotation marks as received]

Nevertheless he stated that "if one really wants the consultations to be in-depth and by agreement, legislators will have to take part in drafting this important document."

Government Secretariat Forwards Proposal to EZLN

PA2403235995 Mexico City LA JORNADA in Spanish 22 Mar 95 p 13

[Report by Salvador Guerrero Chipres]

[FBIS Translated Text] Today, the National Mediation Commission (Conai) will present the EZLN [Zapatist National Liberation Army] leadership with the federal government's proposal to begin the peace dialogue. Meanwhile, the Government Secretariat said it was "necessary and urgent" to begin the dialogue process and argued that the government measures to facilitate it require "the reciprocity of the EZLN" and proof of the "EZLN leadership's true resolve to negotiate."

Following a meeting that lasted two hours and 40 minutes, the Government Secretariat decided to include Conai's recommendations in the proposal.

"The document is confidential. It is not up to us to judge its content. It is a message we will convey," Gonzalo Ituarte, vicar general of the San Cristobal de las Casas Diocese, said.

Ituarte was interviewed at 2340, following his meeting with Government Secretary Esteban Moctezuma, Luis Maldonado Venegas, and the members of the Harmony and Peace Commission (Cocopa). Ituarte confirmed that the draft to be presented to the CCRI [Clandestine Indian Revolutionary Committee] of the EZLN "took into account Conai's contributions" to the original 17 February draft.

"The foundations of the framework to hold a dialogue have already been established. From now on, it will not be up to us, but up to the two sides as to when they decide to negotiate. We are doing whatever we can to bring this about," Ituarte explained.

PRI [Institutional Revolutionary Party] Deputy Marco Antonio Michel Diaz, a member of the Cocopa, said the legislators "are aware that this process is moving ahead. It is a process in which all of the sides are optimistic."

Asked about whether a place and date to begin the dialogue had been agreed upon at the meeting, he replied: "I cannot tell you more than what we discussed. This document lays the foundations for a dialogue. It is a joint document based on a Conai proposal. We must keep waiting for consultations."

He said that this afternoon Cocopa will give its own assessment of the meeting, and he added that the document Conai will present to the EZLN was the product of a consensus among Conai, Cocopa, and the Government Secretariat.

At 2320, the secretariat issued a brief communique in which it referred to the unexpected meeting that began at 2103: "Within the framework of this meeting, the Government Secretariat, in accordance with the Law for Dialogue, Conciliation, and Dignified Peace in Chiapas, gave Conai the federal government's proposal to lay the foundations for a dialogue and the negotiation of the harmony and peace agreement with the intention of presenting it to the EZLN leadership."

The Government Secretariat pointed out that such foundations are based on a plan originally presented by Conai and include contributions made by Cocopa.

The members of Cocopa, including Pablo Salazar, Juan Guerra, Cesar Chavez, Luis Felipe Bravo, Fernando Perez Noriega, and Heberto Castillo, left Esteban Moctezuma's offices an hour and 20 minutes earlier than the Conai representatives.

In another communique issued 10 minutes before midnight, the Government Secretariat deemed it would be "very useful" to make a new assessment "of the various measures" adopted by the federal government to create a favorable atmosphere for a dialogue and negotiation.

At the end of this assessment, the Government Secretariat pointed out that the law for dialogue, the free movement of negotiators and EZLN leaders, the security guarantees for the inhabitants of the region, the suspension of arrest warrants, the assistance program for those people returning to their hometowns, Cocopa's visits to the 30 towns in the conflict zone, and the presentation of the government proposal for talks on the foundations of a dialogue and negotiation "show and demonstrate the government's resolve to negotiate with the EZLN, within the framework of the law, to the population affected by the conflict and the general public."

The government's positions, the Government Secretariat stressed, "require a commensurate reciprocity by the EZLN, which demonstrates its genuine resolve to negotiate."

The secretariat made it clear that the exchange of letters started by the EZLN is welcome and will be encouraged because, in itself, it constitutes another path for mutual understanding.

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The Government Secretariat emphasized that the exchange of letters cannot replace the direct, intense, fluid, and constructive dialogue required to achieve peace.

Government Secretary Endorses Electoral Reforms

PA2603023195 Mexico City NOTIMEX in Spanish 0251 GMT 25 Mar 95

[FBIS Translated Text] Mexico City, 24 Mar (NOTIMEX)—The time is now right for Mexico to implement clear-cut electoral reforms in light of recent political advancements, Government Secretary Esteban Moctezuma Barragan said today.

Noting that significant political advancements have taken place over the past 100 days, Moctezuma said it is time to implement concrete reforms that will give the electoral process more credibility and transparency.

Such reforms should guarantee equitable conditions under which there can be general acceptance of electoral results and a quiet post-electoral period, Moctezuma stressed.

Among the political advancements cited, Moctezuma mentioned elections in Jalisco State, where the opposition National Action Party won the governorship, and the elections in the capital of San Luis Potosi, where the Institutional Revolutionary Party earned a victory after being out of power for 12 years.

In a brief interview following a private meeting with U.S. and Canadian businessmen, Moctezuma reiterated the government's total commitment to act with honesty and integrity.

Moctezuma said that during the meeting with the businessmen he discussed political advancements and the conditions of confidence being created to resolve the country's economic crisis.

Moctezuma added that during the meeting he reported that for the first time in the country's history, the Financial Control and Supervision Commission of the Chamber of Deputies, which oversees public expenses, is in the hands of the opposition.

"This is very important, because it means that the government is clearly showing that it will act with honesty and integrity. Proof of this is that it has left the controls in hands of the opposition," he concluded.

CTM Not To March Labor Day Citing Budget Constraints

PA2803135195 Mexico City NOTIMEX in Spanish 2156 GMT 27 Mar 95

[FBIS Translated Text] Mexico City, 27 Mar (NOTIMEX)—Workers of Mexico's main union will not march on 1 May to mark Labor Day because the expense involved would affect its budget in a time of crisis.

Fidel Velazquez, national leader of the Confederation of Mexican Workers (CTM), explained that the decision made by more than 1,000 workers affiliated with this union in no way reflects "discontent," but the "poverty of our companeros."

He said that the CTM workers' decision in no way constitutes a rift between the government and the working class and he noted that this decision will also affect the Labor Congress.

Our goal is "to avoid further impoverishing them (the workers)," Velazquez said after denying that the CTM is drifting away from its policy of cooperating with the federal government.

The labor leader said that the leaders of each state will decide whether to participate in the Labor Day parade, but they will have to take into account "whether they can afford it."

Velazquez said that the National Minimum Wage Commission has not yet summoned labor and business leaders and representatives of the federal government to agree on a wage increase.

He pointed out that the working class has plenty of reasons to demand wage increases, and he cited as examples the recent price increases, currency devaluation, and the economic adjustments.

"The working class will not be able to advance even with the equivalent of four minimum wages," in its attempt to recover the purchasing power it has systematically lost, he pointed out.

Velazquez said that so far this year between 10 and 12 companies have closed. This figure is lower than last year's, he added.

The labor leader noted that he is not pleased with the working class' advances so far, "and I would be wrong to think otherwise, therefore, we continue to struggle to improve the workers' living conditions."

Guatemalan Border Development, Chilean Trade Reviewed

PA2503020995 Mexico City UNOMASUNO in Spanish 23 Mar 95 p 11

[From the "Diplomatic News" column]

[FBIS Translated Text]

Mexico and Guatemala To Study Border Program

At the Mexican-Guatemalan Binational Commission meeting which opens here tomorrow, representatives of the two governments will seek to develop a Border Development Program to benefit Indian and peasant communities, to approve services for the border area, and to once again propose the construction of a bridge to

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link Hidalgo and Tecun Uman. Also, the Foreign Relations Secretariat reported that the Binational Commission's technical subcommissions began work yesterday. In these sessions, talks will be held on the Mexican program for Central American cooperation, the repatriation program, border issues, cooperation in the fight against drug trafficking, a partial debt agreement, tourist trade development, and cooperation in communications. During the inauguration of the technical subpanels, Foreign Relations Under Secretary Juan Rebolledo said President Ernesto Zedillo believes Mexico's relations with Guatemala are a priority concern, and he stressed that of the more than 3,600 cooperation projects established by Mexico in Central America, approximately 800 of them are with Guatemala.

Chileans Interested in Investing

Chilean Ambassador to Mexico Carlos Fuentes Gonzalez has announced that annual trade between Mexico and Chile has reached $460 million, compared to just $18 million in 1991. Fuentes said Chilean businessmen are interested in increasing their investments in Mexico. At a news conference, Gabriel Jimenez Remus, Senate coordinator for the PAN [National Action Party], explained that several senators in the Foreign Relation Commission are holding working sessions in which yesterday they exchanged ideas with the Chilean diplomat regarding bilateral and multilateral relations. In addition, the Chilean ambassador denied that Chile's economic model should necessarily be applied to other countries. We are brotherly countries and each nation is sovereign. Fuentes stressed that Chile has a great deal of confidence in Mexico. He also said they share common interests in the area of trade. Regarding Chilean investment in Mexico, he said this is up to each individual company. "We believe that trade is favorable in the measure that there is more competition," and "trade between the two countries will grow," Fuentes predicted.

Migrant Rights Agreement Signed With Guatemala

PA2603192295 Mexico City NOTIMEX in Spanish 2153 GMT 24 Mar 95

[FBIS Translated Text] Mexico City, 24 Mar (NOTIMEX)—Mexico and Guatemala today signed an agreement on new forms of protection for the human rights of illegal Central American immigrants crossing this country's border.

Mexican Foreign Relations Secretary Jose Angel Gurria said that Mexico's entering into this agreement is consistent with its migration policy.

During the Fifth Mexico-Guatemala Bilateral Meeting, which took place in this capital city, Guatemalan Foreign Minister Maritza Ruiz de Vielman expressed her support for the Mexican authorities' position. The meetings examined almost 60 different issues.

She affirmed that "making this effort to safeguard the rights of Central American migrants, particularly Guatemalans, grants Mexico the moral authority to demand of its northern neighbor (the United States) fair and legal treatment for Mexican migrants."

Secretary Gurria recognized that the number of Mexicans crossing the U.S. border may be increasing because of the lack of economic growth and job opportunities needed to prevent the migratory phenomenon.

He added that "we recognize the right the U.S. authorities have to enforce their own regulations and laws. Our demand, however, is that the United States not violate the human and labor rights of our compatriots while enforcing their laws."

Mexico and Guatemala, Gurria noted, have watched with concern as "the U.S. position becomes less flexible for economic reasons and given the growth and the job opportunities available in areas such as California."

The chief of the Mexican diplomatic corps argued that the human rights of all Central Americans coming to Mexico, for whatever reason or under whatever migratory status, including illegal ones, must be respected.

This, he explained, is nothing more that compliance with international conventions of which Mexico is a part and to which it has contributed with several proposals on the issue of migrant rights.

Regarding commercial matters, the Guatemalan foreign minister denied that the Free Trade Agreement talks between Mexico and the nations of the Northern Triangle had been delayed or suspended.

According to the minister, the financial and economic situation Mexico is now experiencing has nothing to do with the trade talks and has had no effect on them. The Northern Triangle comprises Guatemala, El Salvador, and Honduras.

"We cannot speak of any degree of delay or regression in the dialogue process. Instead, the bilateral efforts have highlighted the broad possibilities that exist in the area of trade with Mexico," she said.

During the meeting, it was announced that up to now, about 20,000 Guatemalan refugees have returned from Mexico to their country. There are an additional 21,000 Guatemalans—about 4,000 families—still living in Chiapas State, who plan to return to their native land in 1995.

Symposium Discusses Problems of Illegal Migration

PA2903045595 Mexico City NOTIMEX in Spanish 0059 GMT 29 Mar 95

[FBIS Translated Text] Mexico City, 28 Mar (NOTIMEX)—Government Secretariat sources affirmed today that the Mexican Government has

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rejected the installation of a "health ring" ["cerco sanitario"] along its northern border as a means of stemming the flow of illegal workers to the United States.

Manuel Rodriguez, secretary of population and migration services, said Mexico's position on migration matters is to reach agreements with the United States in an effort to increase the number of procedures for legal migration.

While participating in the public symposium entitled "Migration Policies in Mexico," organized by the Mexican Senate in this capital, the official stated that the government will preserve the individual's right to freely move around the country.

He also explained that the government will implement a migration policy that meets national interests and that will be enforced in terms of the country's socioeconomic development.

At the public symposium, the government official stressed that in view of "the length of the border and the magnitude of human movement, it would be neither viable nor advisable to install a so-called health ring in Mexico to stop illegal migration."

Rodriguez explained that legal, political, humanitarian, and practical considerations go against such a proposal. On the contrary, we need to increase bilateral cooperation and consider the differences between the economies and the natural dispositions of the labor markets of the two countries, the secretary stated.

He also asserted that the fight against illegal alien smuggling must expand, along with the regional cooperation against international organized crime networks.

Secretary Rodriguez acknowledged that an overall solution to this problem is closely linked to Mexican development and stability and, because of this link, requires common premises on the nature of the crime.

He announced that a binational study will begin soon to create greater understanding on the essence and dynamics of a problem that should become an important reference for government decision processes.

At present, "information about this problem is insufficient, erratic, distorted, or, frankly, manipulated by various interests," he added.

One example is that little or nothing is specified about the labor requirements of U.S. employers, and there is no talk about the benefits that Mexican labor has contributed to the U.S. economy," he stated.

The deputy secretary emphasized that the number of undocumented Mexicans is exaggerated as are the costs incurred by U.S. taxpayers as a result of their presence. Actually, California's economy would face difficulties without the undocumented persons.

In this state, at least 90 percent of the agricultural labor force is Mexican, and 60 percent of them are undocumented. California has one-third of the U.S. population of agricultural workers.

Studies by U.S. institutions recognize that only 50 percent of undocumented persons are Mexican.

According to the deputy secretary, the Asian community grew nearly twice as much as the Hispanic community in recent years; that is, it grew 124 percent compared to 69 percent for Hispanics.

The Mexican Government is concerned by the emphasis of U.S. migration policy on border control. "To the government of the neighboring country, the problem of undocumented persons has to do with illegality and a violation of migratory provisions."

To Mexico it is an occurrence that corresponds primarily to the forces of supply and demand on the binational labor market, and it believes it is desirable to achieve a greater consensus on the need to define this issue in the future," he pointed out.

Mexico would like to see in the near future a U.S. migratory policy that respects dignity and human rights and a broadening of paths leading to legal migration in keeping with labor demand, Rodriguez said.

The Mexican Government reaffirms its commitment to respect the dignity and human rights of immigrants arriving in this country from abroad, he added.

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Belize

House Budget Approval Follows 2-Day 'Hectic Debate'

FL2803230395 Bridgetown CANA in English 1652 GMT 28 Mar 95

[FBIS Transcribed Text] Belize City, March 28, CANA—The Belize Parliament (House of Representatives) has approved a budget of BZE 4,000.6 for fiscal 1995 following two days of hectic debate. The budget was presented amid an ongoing row with the two biggest unions, the Public Service and National Teachers Unions.

In his presentation, Prime Minister and Minister of Finance and Economic Development Manuel Esquivel said the performance of the Belize economy last year was in general terms "sluggish."

A review of Belize's economic performance last year by Prime Minister Esquivel showed the Gross Domestic Product (GDP) grew by 1.6 percent compared with growth of 3.5 percent in 1993. Inflation as measured by the Consumer Price Index (CPI) increased by one percentage point to 2.3 percent last year.

In 1994 the prime minister said merchandise exports increased by BZE 7.2 million, the trade deficit with the rest of the world declined 25 percent, while the current account deficit of the balance of payments was cut almost in half to U.S. $27.5 million from U.S. $49.5 million in 1993. The broad measure of the money supply rose by 7.1 percent during 1994 after increasing by one percent in 1993, the prime minister said. The operating deficit of the central government for the last fiscal year was estimated at BZE 46.8 million, a marginal rise over the deficit for 1993, the prime minister said. He said the net official international reserves declined by BZE 7.4 million last year and stood at BZE 56.3 million.

To this end, Prime Minister Esquivel told Parliament there was a clear need to strengthen Belize's net official international reserves. He said austerity measures implemented by government for corrective action to strengthen the Belize dollar would continue.

Prime Minister Esquivel added the measures were absolutely necessary, "if Belize is to meet the challenges of the rapidly evolving and increasingly competitive global market place."

The prime minister told the House that judging from international economic developments last year, a new economic order was emerging where the days of protectionism, and preferential access were over and were being replaced by, "liberalisation and equal access."

"In such a climate, the only survivors will be only those who first understand this new order and are prepared to respond to a new world market place with the rewards going to those who are innovative and competitive," Esquivel said. He added that Belize would do all it could to be counted among those countries which would emerge on top.

In his response to the budget speeech, the opposition People's United Party (PUP) leader George Price said the budget was an alarming definition of government's fiscal and monetary position. Price said Belize's economy had fallen victim to a damaging political campaign which had its roots in July, 1993 and had been institutionalised over the last 21 months.

Guatemala

Alpirez Denies Charges of Being Hired by CIA

PA2803162595 Madrid EFE in Spanish 1218 GMT 28 Mar 95

[FBIS Translated Text] Guatemala City, 28 Mar (ACAN-EFE)—Colonel Roberto Alpirez, who is accused by a U.S. congressman of being responsible for the death of a Guatemalan guerrilla and a U.S. citizen, has broken his silence and has categorically denied the charges against him.

"Never, never," the Guatemalan officer said when asked by the press whether he was hired as a CIA agent, as U.S. Democrat Congressman Robert Torricelli has charged.

Alpirez spoke before approximately 50 journalists who waited for him at the Guatemalan Prosecutor General's Office, where he was interrogated for more than six hours.

The Prosecutor General's Office asked the Defense Ministry last week to locate and summon Alpirez to testify, in an attempt to clarify the situation.

On 23 March, Torricelli accused the CIA of covering up the murders of U.S. citizen Michael Devine in 1990 and Guatemalan guerrilla Efrain Bamaca in 1992, supposedly committed by Alpirez.

A graduate of the U.S. "Military School of the Americas," Alpirez was assigned to the Presidential Staff of Christian Democratic President Vinicio Cerezo, where, according to him, he was in charge of conducting political, social, and economic studies.

"Torricelli's accusations (against him) are perverse and unfounded," Alpirez has said, while he has admitted he had "exchanged" information with U.S. intelligence services.

He has said, however, he "never" worked for or received any salary from the CIA. He has said this exchange of information exists everywhere in the world, adding it "does not affect the security of the states" and is based on "technicalities" and aspects pertaining to drug trafficking and kidnappings.

Alpirez has challenged Torricelli, against whom he has reserved the right to file a suit, to present proof of his

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charges, which he has said have been hurtful "to me, the Army, and my fellow officers."

"I am willing to go through with this case to the very end in order to clear my name and that of my family," Alpirez has said, adding he has personally asked the highest government authorities to conduct an investigation to clarify the situation.

According to Alpirez, in June 1990, when hotel operator Michael Devine was murdered, he was commander of the "kaibil" special forces, stationed in Poptun, in the northern department of El Peten, where the incident occurred.

The "kaibiles" are an "elite" military force created by the Army as part of the counterinsurgency struggle. According to Alpirez, the six soldiers and the officer who were sentenced to prison for the crime were not under his jurisdiction.

During the trial against the soldiers and Captain Hugo Contreras Alvarado, which ended in May 1993, Alpirez was summoned five times to testify. He has recalled he always claimed to have no knowledge of the case.

In addition, he has described himself once more as "a professional soldier" who "would never order" the murder of U.S. or Guatemalan citizens, adding "I doubt anyone would obey that order."

In the same manner, he has rejected Torricelli's charges regarding the case of a guerrilla leader of the Guatemalan National Revolutionary Unity (URNG) who was presumably murdered in 1992 after he was captured and murdered by the Army.

Guatemalan President Ramiro De Leon Carpio has ruled out relations between the Guatemalan and U.S. Governments could deteriorate because of Alpirez' alleged links with the CIA.

De Leon has said Torricelli's charges are against the CIA although they are "grave." He has said the "scandal" is over there, in the United States, because the CIA has been accused of violating human rights in Guatemala.

Meanwhile, Prosecutor General Ramses Cuestas has said he has called Alpirez, because his office is interested in conducting the investigation up to the very end.

Prosecutor Leonel Machuca, head of the investigation into the death of Efrain Bamaca, also known as "Commander Everardo," carried out the lengthy interrogation.

Cuestas has told the press the Prosecutor General's Office will confront Alpirez and Torricelli's statements to determine whether there are grounds to take penal action against Alpirez.

Cuestas has asked the Guatemalan Embassy in Washington, through the Foreign Ministry, to submit the evidence provided by Torricelli.

The Prosecutor General's Office is also studying the possibility of sending Prosecutor Machuca to the United States to interrogate Santiago Cabrera, another guerrilla who claims he saw when Bamaca was tortured at the military garrison where Alpirez was stationed.

Guerrillas Allegedly Fire on Minugua Vehicle

PA2903042195 Panama City ACAN in Spanish 0236 GMT 29 Mar 95

[FBIS Translated Text] Guatemala City, 28 Mar (ACAN-EFE)—Official sources have reported that alleged guerrillas fired on a vehicle of the United Nations Mission for Guatemala (Minugua), which is verifying respect for human rights here. There were no deaths or injuries.

Erico Oller-Westerberg, chief of the Minugua Public Information Office, told ACAN-EFE that the incident took place on 27 March on a road in Santa Barbara, Ixcan, in the western department of Quiche.

Minugua considered the attack a violation of the bilateral security agreement signed by the organization, the government, and the Guatemalan National Revolutionary Unity (URNG) guerrillas, Oller-Westerberg added.

The security agreements bind the opposing parties in Guatemala to guarantee the personal safety of Minugua members.

The only person aboard the Minugua vehicle, which was properly identified, was a foreign military liaison officer, who stopped the car at a roadblock bearing a URNG sign.

According to the report, the military officer, whose name the spokesman preferred not to mention, "verbally warned" the aggressors he was a Minugua member, but the shooting continued and he chose to leave "immediately."

Minugua, which opened officially in November 1994, is trying to contact the URNG leadership in Mexico to learn the details and for an explanation of the incident.

Meanwhile, the URNG has failed to publicly claim responsibility for the attack, which took place on one of the main military operations sites of the guerrillas and the Army.

Vicente Arranz, head of Presidential Commission for the Coordination of Human Rights Affairs (Copredeh), condemned the armed attack on 28 March.

Minugua is verifying compliance with the so-called Global Agreement on Human Rights, which the President Ramiro De Leon Carpio administration and the guerrillas signed in March 1994 within the framework of the peace process.

The two parties initiated a process in April 1991 to end Central America's only remaining armed conflict, which has left approximately 150,000 people dead.

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Nicaragua

Deputies Object to 'Closed-Door' Meetings at UN

PA2803230695 Managua BARRICADA in Spanish 28 Mar 95 pp 1, 2

[Article by Carlos Garcia Castillo]

[FBIS Translated Text] Conservative Deputy Miriam Arguello confirmed yesterday that any agreement reached at the UN Headquarters will be invalid if it does not have the prior approval of the National Assembly.

Over the weekend, several politicians from different factions criticized the "closed-door meetings" at the United Nations, arguing that the talks will result in a new Kupia Kumi political agreement between the government and the political alliance made up of the UDC [Christian Democratic Union], UNO [National Opposition Union], led by Alfredo Cesar, and the group of Ramirist [supporters of Sergio Ramirez] deputies.

Arguello said she is unaware of the terms of the talks being held by the representatives of the four state branches at the UN headquarters.

Several deputies have argued that the leaders of legislative blocs should participate in the talks, and they question the decision to send Deputy Dora Maria Tellez as their representative. "We do not know who decided she should lead the National Assembly's delegation to the talks," they stated.

Diplomats representing the governments that make up the Group of Friends of Nicaragua—the Netherlands, Spain, Sweden, and Mexico—have promoted those meetings.

Luis Sanchez Sancho, one of the attendees of the "closed-door meetings" at the United Nations, downplayed the criticisms and said "the talks are not even about negotiations. They are informal talks that emerged spontaneously following a poll on governability," the deputy remarked.

"I do not know what sort of reports we must give about informal talks. The leaders who did not get to participate feel left out, but these talks are not about anything sordid," Sanchez stated. Referring to criticisms made by conservative and liberal politicians, including Rhina Cardenal, Adolfo Calero, and Wilfredo Navarro, UDC Deputy Cairo Manuel Lopez blamed everything on the Sandinists. According to Lopez, the Sandinists are trying to make these "talks" at the United Nations appear harmful to the country.

In contrast to the contempt demonstrated by Sanchez as he referred to the talks, the Christian Democratic deputy said he is participating in these "closed-door meetings" convinced of the benefits of making an effort to prevent the country from slipping into chaos or a crisis.

Lopez forestalled criticisms from several of his colleagues, arguing that the National Assembly has sufficient political representation.

"Before the latest talks began, the members of the National Assembly's delegation were publicly disclosed," Lopez recalled.

Lopez added: These talks are not taking place at the public forum, which is the National Assembly, but are "slightly more discreet."

Lopez stressed that in the coming meeting, the UN group will discuss topics linked to the country's institutions, that is, the way to implement constitutional reforms.

Panama

Perez Balladares: Alleged DEA List Gossip

PA2803162395 Panama City EL PANAMA AMERICA in Spanish 28 Mar 95 p A-1

[Report by Carlos Anel Cordero]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares has termed as "gossip" the alleged list of 56 Panamanaians investigated by the DEA, while the U.S. Embassy has denied the veracity of a report which circulated yesterday stating such individuals are the object of a probe by several U.S. agencies.

According to Perez Balladares, that list exists only in the "minds of a couple of legislators (Lenin Sucre and Joaquin Franco III) who want to be seen on the cameras" of television.

Franco has said that he had no intention of making publicity for himself and that the government cannot deny there is more drug trafficking and consumption in this country than before.

He has said an investigation needs to be carried out in an attempt to determine what is happening and those who are responsible for this situation rather than responding with a joke.

Meanwhile, Balbina Herrera, president of the Legislative Assembly, has said that if there is a list, it should be disclosed, "regardless of who is implicated," but that the name of the PRD [Democratic Revolutionary Party] cannot continue to be soiled without evidence.

Perez Balladares has ruled out the possibility of requesting a report from the U.S. Embassy on an alleged list, saying "he cannot request an explanation based on hearsay."

He has reiterated "there is no such list, and if there were, I would be the first who would want to see it (to) take charge of the matter."

At the same time, an alleged stamped list by the U.S. Embassy of 56 people, allegedly under investigation by the DEA, was sent to several media yesterday.

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Mario Rognoni, former trade minister and commentator, said yesterday that before May the U.S. authorities will advise of an "indictment" against a group of Panamanians.

Rognoni also said a prosecuting attorney from Atlanta, as well as members of the Federal Bureau of Investigations (FBI), will arrive in Panama this weekend.

Foreign Minister Returns To Work Following Medical Tests

PA2903024495 Panama City Circuito RPC Television in Spanish 2300 GMT 28 Mar 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] Foreign Minister Gabriel Lewis Galindo announced his temporary leave of absence from the Foreign Ministry for health reasons some time ago. He then traveled abroad for medical tests. Now he is back and says he feels very well.

[Begin Lewis Galindo recording] I had a big scare. Thank God it was only a scare. The cardiac catheterization showed that all my coronary arteries are in good condition. God willing, I will be around here and you will be seeing me for a long time. I will continue to work for my country because that is why I accepted this post. [end recording]

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Argentina

Government Reinstates 'Statistic Rate' Tariff on Imports

PY2803140495 Buenos Aires LA NACION in Spanish 24 Mar 95 Section 2 p 1

[Report by Jose Luis Olivero]

[FBIS Translated Text] The Argentine Government has decided unilaterally to reinstate the statistic rate, as a consequence of the opposition from Argentina's Mercosur [Common Market of the South] partners to increasing the Common External Tariff (CET).

The measure, published in the BOLETIN OFICIAL, increases the statistic tax by 3 percent, and exempts products coming from Mercosur member countries.

In another decree, also published by the BOLETIN, the government increases the tariffs on imports coming from outside the zone and on some products that were included in the list of temporary exceptions.

The proposal for a CET increase was part of the fiscal package announced by Minister Domingo Cavallo last week. According to estimates this initiative, along with a reduction in some tax returns, would yield some 885 million pesos to the Treasury.

Argentina's Mercosur partners have not yet commented on the recent Argentine decision, but Cavallo and Brazilian Planning Minister Jose Serra were scheduled to analyze the issue during a private dinner organized by French Bank Chairman Roque Otero Monsegur late last night.

According to sources, the Brazilian Government would not oppose Argentina's unilateral decision, though in exchange it would demand an increase in its list of exceptions.

Uruguay, as LA NACION reported, opposed a CET increase. Uruguayan authorities think Mercosur cannot start signaling to the outside that it is going to start changing basic Mercosur structures so soon after they were installed.

Argentina's withdrawal of its proposal for a global CET increase was also received very well in Paraguay, so much so that Paraguayan officials, who currently hold Mercosur's pro tempore presidency, decided to suspend the Common Market Group meeting scheduled for May.

Government Creates Bank Capitalization Foundation Fund

PY2903025595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2346 GMT 28 Mar 95

[FBIS Translated Text] Buenos Aires, 28 Mar (NA)—The government today officially created the Bank Capitalization Foundation Fund [Fondo Fiduciario de Capitalization Bancaria] to give loans to financial institutions, purchase or sell their shares or buy financial institutions' assets, among other things. The measure is an attempt to alleviate the crisis affecting the financial system.

Central Bank President Roque Fernandez; Roque Maccarone, banks, insurance, and finances secretary; and Horacio Liendo, the Economy Ministry's legal and technical secretary, announced the decision during a news conference tonight.

The Foundation will administer funds derived from the purchase of the "Argentina Bond," funds derived from loans granted by international organizations, and the profit realized as a result of the foundation's operations.

The foundation will be directed by a five-member executive committee presided over by Maccarone. The other members will be Central Bank Director Pablo Guidotti; former Central Bank President Enrique Folcini (representing local contributors to the Argentina Bond); one representative of international contributors to the Argentina Bond, who was still not appointed; and one representative of the Economy Ministry.

Government To Publish List of 1,000 Dirty War Disappeared

PY2803173995 Buenos Aires LA NACION in Spanish 25 Mar 95 p 4

[FBIS Translated Text] Interior Minister Carlos Corach on 24 March confirmed a report in LA NACION that the government has a list of some 1,000 people who disappeared during the military regime.

The minister said these names were not on the list drafted by the Conadep [National Commission on the Disappearance of Persons] as Human Rights Under Secretary Alicia Pierini told this newspaper.

The minister said the list of victims of the illegal repression contains "500 names that have been checked and another 500 names that are being checked with relatives."

Corach confirmed that within the next few days the government will release a "part" of this list, which has been compiled on the basis of accusations by relatives who also submitted habeas corpus writs.

This list, which is being handled by the government, does not contain any details about the detention centers where those who disappeared were lodged, whereas the Conadep manuscript includes these details. Corach explained: "At the time the charges were made about the disappearances, the appropriate measures were taken to prove that the person had disappeared."

The interior minister stressed that the government wants to "implement all the necessary steps" to progress in this matter. He reiterated that the government believes "these deep wounds within Argentine society need to be healed and need a convalescence period."

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He said: "Public employees in possession of any details that will lead to lists or places where (a disappeared person) could be found—or any other data that will shed any light on the matter—must make it known."

Judge Seizes Another Arsenal; Linked To Arrested Lebanese

PY2803193195 Buenos Aires LA NACION in Spanish 25 Mar 95 p 14

[FBIS Translated Text] More weapons and munitions have been discovered on an isolated island in the delta of Buenos Aires Province. This discovery thus has a direct connection with the arsenal that was found in the close neighborhood, in Tigre, in the house of former plainclothes Army agent Alejandro Sucksdorf, and with the seven Lebanese who have been arrested in Paraguay, who will be extradited to our country within the next few days.

After a long and thorough judicial and police investigation, based especially on some details that were contained in the diary of Sucksdorf—who is under arrest—San Isidro federal Judge Roberto Marquevich ordered the raid of a property located in the heart of the delta, near coastal area of the Uruguay River, across from the province of Entre Rios.

According to high-ranking investigators who were consulted by LA NACION, a carbine, a submachine gun, hand weapons, and a considerable amount of ammunition were found on the property.

These weapons are now going through ballistics tests, because there are solid clues that they were used on the private gun range in Sucksdorf's house, where spent shells of that type of carbine were found.

The investigators have, however, indicated that there is another link other than that with Sucksdorf. A blank National Identity Document (DNI) was found during the last raid, together with a small piece of rumpled paper with the following inscription: "For Sergio."

Thanks to the intelligence work that has been carried out it is quite certain that the name written on the piece of paper belongs to Sergio Rodrigo Salem, a Lebanese citizen, who together with his fellow countrymen was arrested for drug trafficking in a spacious house in Asuncion, Paraguay.

These arrests were made some 3 weeks ago, and the arrested persons—Roberto Ribeiro Ruiz, Mohamad Hassan Alayan, Johnny Moraes Baalbaki, Fadi Abdulkarim Chekair, Luis Alberto Nader, and Valdirene Fergugha—were together with Salem placed at the disposal of Judge Carlos Monges, who shortly afterwards was challenged.

After Monges separated himself from the case it was sent to the judge of the judge in charge of the 11th Criminal Court, who disqualified himself from hearing the case, and finally the case landed in the First Criminal Court, which is under Jose Gonzalez Benitez. The arrested persons were remanded in custody while Paraguayan Attorney General Luis Escobar Faella oiled the mechanism for their extradition, which has been requested by Marquevich.

While these steps are being taken the authorities of our country estimate that the seven people under arrest could arrive in Argentina within 2 to 3 weeks, that is, if no judicial or diplomatic stumbling blocks emerge.

A month ago LA NACION reported exclusively that it had apparently been confirmed that persons of Arab origin had been observed some time ago in Sucksdorf's house, before his arrest, and that after various checks had been made it was learned that one of the Arabs might have been Luis Alberto Nader.

The neighbors of Sucksdorf's house on the Tigre delta had apparently observed improvised military maneuvers carried out by these men, in addition to practicing with various kinds of weapons. Strangely, Nader entered our country during the middle of 1991, yet his arrival is not registered. Nor was it known how long he remained in Argentina, or what kind of documents he used to depart the country, or where he went, until he was arrested in Asuncion a month ago.

Misiones Province To Link Services With Brazilian State

PY2803133795 Buenos Aires TELAM in Spanish 1851 GMT 25 Mar 95

[FBIS Translated Text] Posadas, 25 Mar (TELAM)—Misiones Governor Federico Puerta has announced that Misiones Province and the Brazilian state of Santa Catarina today agreed to interconnect their electric power systems and support the construction of a gas pipeline linking their territories.

Puerta said: "Mercosur [Common Market of the South] requires us to walk fast and courageously. It is in our hands, and we cannot hold our federal governments responsible for the vacuums that we leave in our integration efforts."

The Misiones governor addressed about 100 entrepreneurs, government officials, and lawmakers who were present at a ceremony during which he signed the respective agreements with his Santa Catarina counterpart, Paulo Vieira, at the local government house.

The Brazilian governor agreed with Puerta that "with decisive steps like this one we are implementing Mercosur," which was established by Argentina, Brazil, Paraguay, and Uruguay in January.

The two governors signed an agreement to interconnect the Santa Catarina and Misiones electric power systems, and decided to speed up the negotiations for the construction of a gas pipeline for supplying gas to the Argentine Parana and Uruguay River areas and northeastern area and to the southern states in Brazil.

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The possibility of Misiones Province possessing an operations area in the Brazilian overseas ports of Itajai and Sao Francisco do Sul will be studied, and the establishment of binational companies will continue to be promoted.

Misiones Province and Santa Catarina State will also promote the official approval of secondary school degrees for students to enter college and university level organizations on both sides of the border without taking any placement exams.

Talks With UK on Oil Exploration To Resume

PY2803114395 Buenos Aires TELAM in Spanish 2154 GMT 25 Mar 95

[FBIS Translated Text] Buenos Aires, 25 Mar (TELAM)—On 25 March, the Argentine foreign minister reported that Argentina will resume negotiations with the United Kingdom on 27 March to reach agreement on joint oil exploration in the sea surrounding the Malvinas Islands.

A high-ranking source close to the Foreign Ministry told TELAM news agency that "the meeting is part of a delicate and complex negotiating process, which thus far has been unfolding on acceptable bases."

The aforementioned source pointed out that "we are beginning to agree on instrumental questions." "Still, an agreement on political aspects—which are undoubtedly the most difficult ones—is still pending."

Among the latter, he mentioned "the definition of the maritime areas of cooperation," where oil exploitation should be pursued with the consent of both parties.

The same source explained that "the problem is rendered more complex because economic interests and the sovereign rights of both nations come into play in the demarcation of areas which are potentially productive."

Both parties agreed that the 27 March negotiations will be conducted by Guillermo Gonzalez, Argentine Foreign Ministry foreign policy under secretary, and his opposite number in the Foreign Office, William Marsden.

The latest meeting, which was held in London on 6-7 March, was between "area directors."

The Argentine representatives who took part in that meeting were Malvinas Islands Director Luis Mendiola and International Economic Negotiations Director Alberto Luis Davedere.

As a counterpart to the official negotiations, the private sector held talks that resulted in the signing of a "letter of intent" between British Gas and the Argentine company YPF [Government Oil Deposits] for the joint tapping of oil around the Malvinas Islands.

Businessmen have expressed their will to go ahead with the agreement, but demanded of their respective governments the establishment of a legal framework to materialize this project.

During the latest round of negotiations, the parties analyzed the instrumental aspects of that legal framework, such as the reconciliation of labor laws, tax regulations, and legal jurisdictions for controversial cases.

This notwithstanding, political agreements have yet to be reached so as to enable the implementation of the said agreements.

The same source said: "The frequency of these meetings and the increasingly higher-ranking interlocutors in these meetings enable us to view the future with optimism, but without forgetting that success is still a long way off."

Spanish Secretary Notes 'Confidence' in Economy

PY2803133995 Madrid EFE in Spanish 1857 GMT 27 Mar 95

[FBIS Translated Excerpt] Buenos Aires, 27 Mar (EFE)—Alfredo Pastor, Spanish secretary of state for the economy, said today that the Spanish companies established in Argentina have demonstrated their long-term commitment to Argentina by subscribing to the "Argentina Bond," a government bond that will be issued in April.

Since 1991, Spanish public enterprises and private companies have made investments in Argentina worth over $7 billion, especially in state-owned corporations put out to bid for privatization, such as those in the fields of telephones, airlines, and gas, electric energy, and water services.

The "Argentina Bond" was promoted by Argentina's entrepreneurial and banking organizations to support public finances affected by a huge lack of liquidity following the economic crisis that broke out in Mexico in late December.

Argentine companies and companies established in Argentina committed themselves to subscribing to bonds worth $1.107 billion.

During his lecture at the private organization "Forum for Science, Enterprise, and Politics," sponsored by Spanish companies established in Argentina, Alfredo Pastor today mentioned Spain's confidence in the Argentine economy. [passage omitted]

Alfredo Pastor participated in a dinner and other activities organized by the Spanish Chamber of Commerce in the Argentine Republic and by Spanish Ambassador Nicolas Martinez Fresno. He will return to Madrid on 28 March.

Italian Foreign Minister Meets Cavallo

PY2703223695 Madrid EFE in Spanish 1626 GMT 27 Mar 93

[Text] Buenos Aires, 27 Mar (EFE)—Italian Foreign Minister Susanna Agnelli noted today in Buenos Aires that Italian companies are still interested in investing in Argentina.

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After meeting with Argentine Economy Minister Domingo Cavallo, Agnelli told the journalists: "There are many Italian companies, including small and medium-sized companies, that will come to invest in and help this country."

The two ministers today discussed the possibilities for investment offered by Argentina and the economic measures that will be implemented as of April to cope with the aftermath of the Mexican crisis.

During a news conference, Cavallo said the Sao Paolo Institute (SPI) of Torino, "among other renowned Italian institutions," is interested in the upcoming privatization of Argentina's provincial government banks.

Agnelli noted that Italian banks have long-standing experience in financial assistance for investment, especially for small and medium-sized companies.

The Argentine minister pointed out that the SPI "already has contacted" Eduardo Angeloz, the governor of the Argentine province of Cordoba, who intends to privatize the provincial banks.

The Italians are also interested in the privatization of banks in Santa Fe Province, the fourth most populated province after Cordoba Province, Cavallo indicated.

Governor Angeloz intends to merge the Social Bank with the Bank of Cordoba; the two have been affected by the shortage of funds prompted by the Mexican crisis. The goal is to privatize them as a single financial entity.

The Italian car plant, Fiat, has announced that it would invest $600 million in Argentina, taking advantage of the business opportunities offered by the Common Market of the South (Mercosur), a bloc comprising Argentina, Brazil, Paraguay, and Uruguay.

According to the latest official figures, trade between Argentina and Italy increased from $736.2 million in 1989 to about $1.691 billion in 1994.

Argentina exports primary products and manufactured agricultural and livestock products to Italy and imports textile and printing industry machinery, automobiles, chemicals and pharmaceuticals, and telecommunications equipment.

Susanna Agnelli, who will stay in Buenos Aires until 31 March, will meet Argentine President Carlos Menem and other government officials today.

The Italian Government has asked the Argentine Government for an explanation regarding the alleged sales to Croatia of artillery pieces that Italy had sold to Argentina under the condition of non-transferal to third countries.

The alleged arms sales to Croatia, where Argentine military personnel have joined the UN peace missions, and the illegal arms supply to Ecuador during Ecuador's undeclared war with Peru prompted a political scandal in Argentina.

Agnelli's agenda in Buenos Aires includes participating in a banquet sponsored by the Italian community in Argentina and meetings with Argentine political and entrepreneurial leaders.

Agnelli arrived in Buenos Aires as part of a tour of various Latin American countries with which Italy is making an effort to enhance political and trade relations.

Bolivia

President Concerned Over Coca Eradication Dilemma

PY2803193995 Cochabamba LOS TIEMPOS in Spanish 16 Mar 95 p A2

[FBIS Translated Text] La Paz, 15 Mar (LOS TIEMPOS)—President Gonzalo Sanchez de Lozada met at the government palace with representatives of parties of the ruling coalition on 15 March. They agreed to make all possible efforts to eradicate 1,750 hectares of surplus coca crops by June 1995, to comply with U.S. demands.

Government officials, who asked to remain anonymous, said the government and political forces of the ruling coalition will seek a direct agreement with coca growers to implement an accelerated voluntary eradication plan. If this fails, the final option will be to call in the military and police forces.

Deputy Miguel Urioste, who is acting head of the MBL [Free Bolivia Movement], suggested a government rapprochement with the coca producers with concrete proposals, because we must not fall into the error of classifying them as enemies of the government and opposed to any initiative. It has been learned that the government will try to sidestep union leader Evo Morales.

The sources said President Sanchez de Lozada warned government congressmen about an "imminent economic blockade" by the United States and the international community if the demands of President Bill Clinton's administration are not fulfilled.

Congressmen attending the meeting at government palace said the Bolivian president made a thorough analysis of the subject and explained that Bolivia is not in a position—nor does it have the necessary infrastructure—to resist an economic blockade like the one currently imposed on Fidel Castro's Cuba.

Government leaders agree that the eradication of surplus coca plantations "must" be carried out. To achieve this they will seek the support of the opposition parties, because this crisis affects not only the government and the ruling coalition but the entire democratic system including opposition members who are aware of the serious situation.

Concerning the signing of a new extradition treaty, President Sanchez de Lozada reported that, during his

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administration, government officials have been thoroughly studying the signing with the United States of a new bilateral agreement.

Chapare Military Commander Denies U.S. Military Presence

PY2403184295 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 24 Mar 95

[FBIS Translated Text] The military commanders of the 7th Airborne Division, the 2d Air Brigade, and the local Navy unit have denied that U.S. military missions are carrying out military training and advisory programs in Cochabamba District.

Colonel Daniel Saavedra Franco, commander of the 7th Airborne Division, said that reports by coca grower leaders asserting that U.S. advisers are involved in drug enforcement training programs in the tropical region of Chapare are groundless.

Saavedra said that the jurisdiction under his command comprises the tropical region in Chapare, and he can assert that there are no U.S. troops or advisors involved in military training programs, nor is he aware of the possible arrival of U.S. soldiers.

Saavedra said that the reports may be the result of a misinterpretation of the military and civilian maneuvers being carried out by the technical training center for soldiers of the 7th Division near the town of Bulo Bulo, in the Chapare. These maneuvers fall within the framework of training agreements with the San Simon University and the Social Investment Fund.

Regarding the alleged setting up of military communications systems designed to make the drug enforcement program more efficient and expedite the militarization of the tropics, he asserted that his division has not received any orders in this regard.

The coca growers' federation of the tropical region in Cochabamba has made charges concerning the existence of systematic military intervention and the presence of U.S. advisors in the tropical region, in Chapare, with the purpose of preparing the grounds to militarize the region against drug trafficking and enforce the reduction of surplus coca plantations.

UCS Leader Announces Support for Government

PY2503034095 La Paz PRESENCIA in Spanish 17 Mar 95 p 6

[FBIS Translated Text] UCS [Solidarity Civic Union] leader and brewery industrialist Max Fernandez yesterday surprised the political world by announcing that after intense negotiations with the ruling party, he has decided to grant his unconditional political support to the Gonzalo Sanchez de Lozada administration.

Fernandez assessed the national situation during a news conference at which he centered his attention on socioeconomic problems and on the pressures the country is enduring from the U.S. Government because of the coca-cocaine issue.

In justifying his decision, which is reportedly part of a "great crusade for national consensus" that according to political circles also encompasses opposition forces such as ADN [Nationalist Democratic Action] and MIR [Movement of the Revolutionary Left], Fernandez said: "All of us are witnessing what is happening in the country. We are experiencing serious economic, social, and political problems that are afflicting the whole of our society. The UCS cannot remain idle, as a mere spectator."

Fernandez has mounted radical opposition over the last few months, after having severed the pact allowing UCS to be a member of the ruling coalition. To this end he engaged in several verbal confrontations with the government party, and some insults were even exchanged. In addition, Fernandez was an active member of the Opposition Forum, which on several occasions grouped together the opposition leaders.

Fernandez yesterday said that while the Opposition Forum held around four meetings to discuss national issues, they yielded nothing positive or constructive.

He said: "Many of the political parties did not even attend some of these meetings. In view of this, it is best for each one to act separately. UCS will keep its independence."

After reporting that intense negotiations had been held with the administration over the last few days, Fernandez said that he has decided to support the administration's activities, but with no conditions attached.

Fernandez, who lead a 14-member congressional bloc that will now support the administration, said: "We are not granting this support in exchange for favors or government posts, but to achieve work and flexibility for Bolivians."

Despite persistent questions from journalists on the tax problems that the Bolivian National Brewery (CBN) is facing, Fernandez explained that the executive branch had not exerted any pressure to achieve this unconditional support. He said: "The court has already ruled in CBN's favor on this issue."

He denied the reestablishment of the political pact that had enabled UCS to be part of the government coalition. The pact was established in August 1993 and severed in October 1994.

He said: "The pact has been destroyed, and it would not be ethical to reestablish it. How could I?"

He did explain, however, that within this new framework the administration and UCS will establish working commissions to be comprised of professionals from both parties. They will be in charge of discussing and approving projects and of closely coordinating and controlling government activities.

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The agreement with the government did not consider the situation of the seven dissident UCS deputies. He said: "They will have to go to another group, because no one will accept them back in the UCS."

Regarding the coca-cocaine issue, Fernandez said that surplus coca crops can only be replaced gradually, and that therefore it would be impossible to eradicate the 1,750 hectares as requested by the United States.

He said: "I cannot tolerate being pressured by the United States, but we should not oppose it, either. The two countries should rather make a joint effort on the basis of mutual respect, because although we are a small country, we also have dignity."

Labor Federation Orders Indefinite Strike

PY2503000195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1626 GMT 24 Mar 93

[FBIS Translated Text] La Paz, 24 Mar (AFP-NA)—After several days of unsuccessful talks with the government, the Bolivian Labor Federation (COB) has ordered an indefinite general strike as of 27 March. This announcement was made by COB leader Oscar Salas in La Paz today.

Salas disclosed that the strike, which will be supported by a march from the main cities toward La Paz, was decided during a COB assembly on the night of 23 March.

This decision "will determine the future of the country, because as never before in the history of the Bolivian union movement the government is confronting the labor class," said Salas, upon recalling the violent repression on 22 March by policemen and Army soldiers of rural teachers who tried to enter La Paz to demonstrate against the educational reform program.

Salas added: "In addition to the repression the government has refused to meet our economic and social demands. We therefore decided to implement the strike, but there are other measures that cannot be discarded, such as the hunger strike that union leaders at the national level plan to implement."

Mining leader Juan Escalera also announced that, in addition to the COB decision, the Miners Federation ordered a 48-hour strike "in rejection of the repression carried out against leaders and members of the Teachers Union."

Escalera, agreeing with Salas, said: "In addition to the repressive measures implemented by the government due to its inability to govern, the majority of the people are suffering poverty, which is a situation not felt by government leaders and definitely not by private business."

The government warned, however, through Presidential Minister Guillermo Justiniano, that the mobilizations and radical positions by union sectors that are trying to obstruct the Educational Reform Law and other plans "will not prevent the laws from being implemented."

Justiniano said: "The government is very much concerned with the problem created by radical sectors that are demanding that the government abandon its program and that approved laws such as the Educational Reform Law not be implemented. This puts things in a very difficult situation as far as agreement is concerned."

As far as eventual mediation by the Catholic Church in the conflict was concerned, Social Communications Minister Ernesto Machicao said: "This possibility is being evaluated very carefully."

He added: "Intervention by the church can never be discarded, as it is a last resort that may be used by the government."

Regarding the COB's decision to strike, and a possible state of siege as a government answer, Machicao said: "This is not the way to solve problems."

He reiterated, however, that "despite the situation the government has not thought of taking any exceptional measure."

Striking Teachers, Police Clash

PY2803031995 Madrid EFE in Spanish 0101 GMT 28 Mar 95

[Report by Alejandro Varela]

[FBIS Translated Text] La Paz, 28 Mar (EFE)—Today La Paz was the stage of a battle between teachers and policemen who clashed violently under a heavy rainfall. The confrontation also paralyzed the city, in the midst of a general nationwide strike organized by the Bolivian Labor Federation (COB) that was only observed partially.

At least five people were injured as a result of an exchange of tear gas bombs and rubber bullets fired by the police, and the hurling of stones by teachers of the public education sector, who have been on strike for more than two weeks.

The violent fighting in La Paz, under the heavy rainfall that has paralyzed the city for some days now, coincided with the beginning of a general, indefinite strike summoned by the COB, the largest Bolivian labor union.

The public teachers are opposed to the Education Reform Law, one of the three pillars, together with the Capitalization Law and the Popular Participation Law, of the current government's program to redistribute the national wealth through a decentralization of the administration of national resources.

During an address to the nation broadcast over television on Sunday, 26 March, President Gonzalo Sanchez de Lozada reiterated his government's willingness to not change a single thing in the Educational Reform.

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The teachers' protest against the law has resulted in the arrest of several labor union leaders, the paralyzing of public education, and numerous instances of economic damage resulting from the almost permanent collapse of a city such as La Paz, the headquarters of the government of the Republic.

The general strike summoned by the COB responds to the organization's demand that its requests, namely, those related to salaries, officially submitted to the government be honored.

The strike began with partial support, not observed by workers of factories, the railway, the construction field, airport, highways, radio and television, printing shops, the media, and the members of the Santa Cruz COB branch.

According to the COB, the miners, health and social security workers, Bolivian Government Oil Deposit workers, and university workers have observed the first day of the strike in a disciplined manner.

COB permanent secretary Alberto del Vilar, however, asserted that in the comming days more working sectors of the country will start joining the strike. He explained that many have not observed the measure out of fear of losing their jobs.

The leader added: "We hope that as of Tuesday, 28 March, all the sectors will joint the indefinite strike because the instructions have already been given and they will gradually endorse the measure."

In the public education sector, the nationwide strike entered its third week, and the sector leaders have reasserted they will not lift the measure until the government promises to discuss the cancellation of the Education Reform Law.

Forces Interrupt March

PY2903003995 Madrid EFE in Spanish 2309 GMT 28 Mar 95

[FBIS Translated Excerpt] La Paz, 28 Mar (EFE)—Some 1,000 Bolivian Army soldiers and policemen today stopped a march of approximately 1,000 teachers toward La Paz to demonstrate against the government. In the meantime, the general and indefinite strike organized by the Bolivian Labor Confederation (COB) continues throughout the country.

The teachers, coming from Oruro, some 200 km south of La Paz, intended to march on La Paz to join the demonstrations of protest by public teachers against the Education Reform Law.

The teachers of the public sector, on strike for more than two weeks now, clashed violently with the police in La Paz during the past few days. These clashes left several wounded and arrested, including some of the main teachers' union leaders.

COB Executive Secretary Oscar Salas reported that the military officers surrounded the demonstrators a few kilometers outside La Paz.

This version was subsequently confirmed by Government Minister Carlos Sanchez in Congress, where he said that the teachers had been intercepted and that they voluntarily boarded buses that took them back to Oruro.

According to information provided by local inhabitants, there were clashes between the joint Army and Police forces and the demonstrators, who tried to continue their march. There is still no information as to whether any people were wounded or arrested. [passage on previously filed material omitted]

Church Willing To Mediate

PY2903005995 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 28 Mar 95

[FBIS Translated Excerpt] The Catholic Church is willing to mediate in the social conflict afflicting the country if asked to do so. This was stated by Msgr. Jesus Juarez, secretary general of the Bolivian Episcopal Conference. [passage omitted]

The government has accepted the offer by the Catholic Church to mediate in this social conflict affecting the country.

Social Communications Minister Ernesto Machicado announced the government's decision and urged the labor union leadership to respond to the initiative to start a dialogue.

When asked about the disbanding of a march being staged by demonstrators between Oruro and La Paz, Machicado said that the demonstrators were blocking the highway, and this is why they were prevented from continuing their march.

If the church mediates between the government and workers, the COB [Bolivian Labor Federation] will request that it not be limited to the disagreement over the Education Reform Law. COB leader Oscar Salas said that they will ask the church to intervene until all the points of the list of demands have been solved. This morning the church announced its willingness to mediate in the conflict at the request of one of the parties. [passage omitted]

Brazil

Russian Space Delegation Visits, Seeks Cooperation

PY2803003595 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 27 Mar 95

[FBIS Translated Text] A delegation led by (Yuriy Koptev), president of the Russian Space Agency, today

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began contacts with Brazilian officials to examine prospects for joint studies and projects in the areas of telecommunications, ecology, and satellite earth observation.

The Russian delegation visited Science and Technology Minister Israel Vargas and requested that the Brazilian Government sign with Russia a space cooperation agreement similar to the one signed in 1988 with the former Soviet Union.

The Russian officials, who are visiting Brazil at the invitation of the Brazilian Space Agency, are seeking to further the cooperation that already exists between the two countries. The Russian agency, which was created in February 1992, is charged with formulating state policy on space research and exploration. The agency also carries out scientific research and space tests.

The Russian delegation will also visit the Alcantara launching facilities in Sao Luiz, Maranhao State.

Discusses Use of Rocket Launch Site

PY2903033695 Sao Paulo AGENCIA ESTADO in Portuguese 2304 GMT 28 Mar 95

[FBIS Translated Text] Brasilia, 28 Mar (AE)—Yuriy Koptev, general director of the Russian Space Agency, announced today that Russia is interested in using the Alcantara Base (Maranhao State) for launching small satellites. Koptev is scheduled to visit the base on 29 March to evaluate the Brazilian rocket launching center. He plans to include the possible use of the base in a technological agreement between the two countries.

Koptev said that Alcantara could be used for the launching of Russian satellites that are intended for equatorial orbits. He said: "These launchings could start no later than two years from now." In his opinion, the Alcantara Base could play an oustanding role in the small satellite market."

In remarks to reporters, Koptev said today that it will be necessary to determine the actual payload that Alcantara is capable of launching. He said: "We must create instruments that would make the use of the base economically advantageous to both countries."

After meeting with Gylvan Meira, president of the Brazilian Space Agency, Koptev confirmed that his country plans to intensify cooperation in the areas of telecommunications, the surveying of natural resources, and ecological and meteorological monitoring. Asked if a Brazilian astronaut could take part in a Russian space program, Koptev responded with a smile.

Koptev said: "We are prepared to examine that problem. But it is incumbent upon Brazil to establish its priorities, and it is necessary to think about its most urgent needs." He noted that a one-week space trip by a Japanese journalist amounted to $15 million.

Brasilsat-B2 Satellite Launched From Kourou Base

PY2903011195 Sao Paulo AGENCIA ESTADO in Portuguese 2347 GMT 28 Mar 95

[Report by Gilse Guedes]

[FBIS Translated Text] Rio de Janeiro, 28 Mar (AE)—The Ariane-4 rocket carrying the Brazilian satellite Brasilsat-B2 was launched at 2014 today from the Kourou Space Center in French Guiana. By 2030 the rocket had reached the penultimate stage, and all procedures were correct and in order. Experts from Embratel [Brazilian Telecommunications Company] and Arianespace—the European consortium that controls the Ariane rocket—will continue to follow the course of the rocket until it reaches the third and last stage.

The Brasilsat-B2 must align with the Equator, at an altitude of 36,000 km, 65 degrees west longitude, in a definitive geostationary orbit. It will replace the Brasilsat-A2, and it must operate until 1997. The launching of the Brasilsat-B2 had been canceled five times because of technical problems. Besides the Brasilsat-B2, the Ariane-4 rocket also launched the Hot Bird-1 satellite belonging to the European telecommunications company Eutelsat.

Malan Talks With German, French Central Bank Presidents

PY2803025295 Sao Paulo GAZETA MERCANTIL in Portuguese 23 Mar 95 p 3

[Article by Claudia Safatle]

[FBIS Translated Excerpt] Paris—Finance Minister Pedro Malan said yesterday that the possibility of Brazil using part of its dollar reserves to finance its current account deficit, estimated to amount to 2 percent of the GDP (or nearly $10 billion), is "perfectly natural and understandable". "There is an enormous difference if we arrive at the end of the year with a growing or decreasing current account deficit or if we arrive there with a growing or decreasing trade balance. The important thing is the trend. If our current account deficit is 2 percent of the GDP but with a decreasing trend, there is no problem. We must not guide ourselves just by the Gregorian calendar or by simple calculations, taking the trade deficit of a certain month and multiplying it by twelve," Malan said.

The Brazilian finance minister, who met yesterday with French Central Bank president Jean Claude Trichet and on 20 March with German Bundesbank President Hans Tietmeyer in Frankfurt, suggested to them the creation of mechanisms of protection from eventual speculative attacks against certain currencies, such as happened in Mexico and, to a minor extent, in Argentina.

Minister Malan suggested to them that "relevant countries of the developing world" like Brazil should participate in the information exchange system, currently

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restricted to the central banks of industrialized countries, to better evaluate the trends of the international financial market. Malan also wants the IMF to create a "facility" [preceding word in English] to quickly react "to speculative attacks" against a currency following the model of the General Agreement to Borrow [preceding three words in English] [GAB] for the wealthy countries within the IMF framework. "The industrialized countries are entitled to 17 billion worth of SDR [Special Drawing Rights] for eventual use in case of exchange difficulties," Malan said after meeting with Trichet. [passage omitted]

What Malan wants is for Brazil to be included in the permanent information exchange system used among the central banks of the developed countries (the Group of Seven) to counter eventual lack of coordination of macroeconomic policies, capital movements, and undesirable effects on the exchange rates. "They are informal mechanisms that lead central banks to—without much fuss—intervene in the markets, and we would like to be gradually included in this system," Malan said.

Another aspect of the same problem is more controversial. "The creation of a 'facility' [preceding word in English] within the IMF has been under discussion since long before the Mexican crisis took place. Such a facility would allow the IMF to counter or arrest speculative attacks against certain currencies and capital flight, as long as there is no reason for such flight, based on certain 'foundations.' If these foundations are wrong, nothing can be done; if they are correct, however, action by an international institution is justified to stop the panic (stemming from a speculative attack) as soon as it begins."

That would be, from the finance minister's point of view, an alternative to the hasty setting up of aid packages like those made for Mexico and Argentina. "We are suggesting something similar to a system we created in the Central Bank, whereby banks are given practically automatic access to loans with discounts. We already have a standard contract with its clauses, guarantee requisites, which makes the process quicker."

Therefore, there are controversies about the creation of this "protection network" for the "most relevant" developing countries, as Malan calls them ("and we must not excuse ourselves for considering ourselves relevant," he said). There were two aspects: "Those who think that it is better to prevent than to heal, among which we find ourselves, and those who are on the opposite side, and who think that that which is not broken must not be mended," he said (quoting a British proverb). That is, there are people who think that it is better to wait for the crisis to happen and then react, because creating facilities in advance could induce governments not to mind their economic policies.

A third subject of conversation between Malan and the presidents of the central banks of Germany and France, according to the minister, was the need to discuss beforehand the agenda of the IMF board of governors meeting that will take place by the end of next April "to prevent what happened during last year's meeting in Madrid, when the ministers of the Group of Seven arrived having already reached a decision about the allocation of Special Drawing Rights for the East European countries, causing a flurry," Malan said. [passage omitted]

European Consortium, INB Directors Discuss Nuclear Fuel

PY2903025395 Sao Paulo AGENCIA ESTADO in Portuguese 2006 GMT 27 Mar 95

[By Tania Malheiros]

[FBIS Translated Text] Rio de Janeiro, 27 Mar (AE)—A delegation of Urenco—a consortium of British, Dutch, and German enterprises—began a series of meetings on 27 March with the directors of the Nuclear Industries of Brazil (INB) to determine the price of the fifth reload of (enriched uranium) for the Angra 1 nuclear plant. According to INB Financial Director Clelia Forman, the fifth reload will be installed in Angra 1 in March 1996 and will cost approximately $48 million. This is the amount the Furnas Electric Power Plants, Inc. [Furnas] will have to pay to the INB.

The INB director explained that the price of a reload is $24 million, but in this case, Angra 1 will have to receive two reloads at the same time. Thus, the price is double. The INB director also reported that, although this does not occur often, the Angra 1 plant needs two reloads, because half of its fuel will have to be replaced. She said the replacement will be necessary because the plant had problems with its fuel grilles approximately two years ago.

The INB will have to send yellow cake [preceding two words in English] produced in Pocos de Caldas (MG) [Minas Gerais State] to the Urenco, which then ships the material to Germany, where it is transformed into hexafluoride (gas uranium). After that, Urenco enriches the uranium by nearly 3 percent in one of its plants, to make it suitable for use in the nuclear plant. Once the uranium is enriched, it is sent back to the INB in Resende (RJ) [Rio de Janeiro State], where the material is prepared for use at Angra 1.

INB experts say that to stop Angra 1 in March to replace part of the fuel and then stop it again for replacement a short while later would make no sense. The Urenco delegation will have meetings at the INB until Friday, 31 March. During the meetings, they will also review the prices of the current contracts and study another one, involving the purchase of fuel for the Angra 2 nuclear plant. The process of initiating bidding for conclusion of Angra 2 construction begins on 3 April, at Furnas.

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Malan-Serra Rift Over Tax Reform Described

95SM0260A Sao Paulo ISTOE in Portuguese 8 Mar 95 p 30

[Article by Marco Damiani and Mario Simas Filho: "Two Out of Tune"]

[FBIS Translated Text] One of the biggest controversies in the Fernando Henrique government is weighing down the bushel basket of differences of opinion between ministers from the economics area. Working with their respective teams, Pedro Malan, of Finance, and Jose Serra, of Planning, each drafted different proposals for fiscal and tax reform. Three weeks later, they met in Brasilia, accompanied by experts from their ministries, and stayed up until the wee hours trying to agree on an alternative. It was impossible. "Outside of our proposal, there is no solution," Serra told Malan—raising his voice in irritation, according to an economist who attended the meeting. Malan was taken aback by his colleague's reaction. After all, when he accepted the post of finance minister, he was assured that tax reform would be entrusted exclusively to his portfolio. In the following days, while Serra avoided confirming his latest dispute with Malan, Planning Ministry aides began curtly dismissing the proposal from Finance. In confidential conversations, they referred to Malan's team's effort as "typical of politically insensitive bureaucrats." They claim that Congress would never pass a bill that would take even more money from state coffers in order to fatten the federal checkbook.

Serra admitted publicly on Thursday, 23 February, during a meeting with state finance secretaries from the PSDB [Brazilian Social Democracy Party], that the Federal Government currently has two proposals for tinkering with the Constitution in the fiscal and tax areas. Diplomatically, he characterized the differences between them as "nuances." Actually, what the minister calls a "nuance" is a veritable abyss. Malan's proposal would take as much as 80 percent of current ICMS [Goods and Services Movement Tax] revenues away from industrialized states, partially compensating for that loss by increasing federal grants. This prescription would favor the states in the north/northeast because they are less industrialized than the west, central, or southern states. The north/northeast would get to keep more ICMS revenues and be less dependent on federal favors. States like Sao Paulo and Minas Gerais, for example, would be in the inverse position. Malan's team's work drew its inspiration, basically, from ideas advanced by Federal Revenue Secretary Everardo Maciel.

Serra and his team are taking the opposite tack. He came to the Planning Ministry with the backing of part of the Sao Paulo business community and after Mario Covas, then-governor-elect of Sao Paulo, had appealed to Fernando Henrique to give Serra the job. "Serra came very close to being named minister on three occasions," was the way Covas broached the subject to FHC on the eve of the final decisions on Cabinet posts. "He is our best man and cannot be left out of the administration this time," he continued. With those kinds of commitments to make good on, Serra is trying to use tax reform to alleviate the squeeze imposed on the governors, including Covas, by the more than 10 billion reais in cuts made in the federal budget for this year. His proposal for tax reform would take no more than 15 percent of ICMS revenues from Sao Paulo. Serra also hints at the possibility of raising the ICMS rates on manufactured products, as a way of restoring some of the revenues lost in the reform.

While Serra works both publicly and behind the scenes on behalf of his proposal, Malan has preferred silence. In his seclusion, he reasons on the basis of Covas' and Serra's interests in Sao Paulo, which include the possibility that the senator and minister will run for the governorship in 1998. Serra fears being accused on the hustings of having left Sao Paulo poorer by backing a tax reform that is bad for the state's coffers. Malan, who never harbored electoral ambitions, comforts himself with the fact that in any Latin American country, a finance minister who can keep inflation close to zero is naturally strong. Personally, however, he is vexed by an unusual situation. His family is not ruling out the possibility of returning soon to Washington to live. The minister himself has never hid the fact that he accepted the Finance Ministry post as a temporary assignment, inasmuch as in the United States, where he spent last week, he would be better paid and enjoy better working conditions as a World Bank official.

With an uncertain majority in Congress, facing rules under which any change in the Constitution requires the consent of three-fifths of the deputies and senators, the Federal Government cannot afford the luxury of nurturing both bills simultaneously. Minister of Justice Nelson Jobim has already been detailed to try to find a way out of the impasse. A gaucho, he is inclined to favor Serra's plan, which would be better for Rio Grande do Sul, but has not yet disclosed his position. All indications are that the squabble will explode in the president's private office sometime this week. A longtime political ally of Serra and personal friend of Malan, Fernando Henrique will have to come out and say which plan he prefers—or else arrive at a consensus that, so far, has been unattainable.

Government Renews Anticrime Accord With Rio State

PY2903034695 Sao Paulo AGENCIA ESTADO in Portuguese 2341 GMT 28 Mar 95

[Report by Itamar Garcez]

[FBIS Translated Text] Brasilia, 28 Mar (AE)—President Fernando Henrique Cardoso and Rio de Janeiro Governor Marcello Alencar today signed the third version of the Operation Rio agreement in Planalto Palace. Like the past agreements, this one foresees the cooperation of the Armed Forces to repress organized

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crime and drug trafficking in Rio de Janeiro. "As of now, the Armed Forces, the Federal Police, and the state police will be integrated," Alencar said.

After talking with President Cardoso, the governor explained that his goal is to place 20,000 men on the streets to combat crime. There are currently 6,500 policemen on the streets. "We will carry out planned action; we will not engage in adventures."

The first two agreements were signed by former President Itamar Franco in 1994 and by Fernando Henrique Cardoso at the beginning of his administration in January. One of the first actions of Operation Rio will be Operation Ruby to intensify police patrol on the streets of Rio de Janeiro.

The governor wants to equip the state police with modern weapons. While this is accomplished, the Army and the Federal Police will lend their weapons to the local police. The governor also said that he is regularly discharging policemen accused of corruption.

"We are simultaneously improving the living conditions of our policemen," he added. As an example, he mentioned the Rio de Janeiro government project that foresees doubling the pensions for the families of policemen who died in combat and the creation of a life insurance plan for the families of handicapped policemen.

According to the governor, the president should again implement the programmed cuts for the Rio de Janeiro penitentiary system. "The criminals are the ones who make the repression hard, not us. The police go out to the streets to arrest criminals, not to return with death certificates," he said.

The governor criticized the excessive importance the press gives to the combat actions in the Rio shanty towns. "The important thing is the preventive actions."

The following are the main points of the agreement signed today:

—The federal government, whenever it is necessary, will reinforce the troops of the Federal Police, the Federal Highway Police, and the Federal Revenue Service in Rio de Janeiro in order to repress international drug trafficking and weapons smuggling. The Armed Forces may even help in the actions carried out by those forces, especially in the intensification of patrols of the access routes to their territory, be they by sea, land, or air.

—The federal government, through the Eastern Military Command, will cooperate with the State of Rio de Janeiro by providing orientation and assistance, especially in aspects linked with intelligence and operational planning of integrated security, and it may cooperate in training and logistical work with regard to the Police Forces.

—The federal government, in exceptional cases and at the request of the state government and the president of the Republic, will employ, under the direction of the Eastern Military Command, federal troops to help reestablish order in restricted areas.

—The federal government, by means of the Armed Forces, will cooperate with regard to the supplying of weapons, ammunition, and equipment, to help preserve public security in the state.

—Public companies linked with the military ministries are authorized to cooperate with the Rio de Janeiro government in whatever is necessary for the actions specified in this agreement.

Poll Reveals Congressional Support for Reforms

95SM0260B Sao Paulo VEJA in Portuguese 22 Feb 95 pp 28-31

[Unattributed article: "Congress Says 'Yes'"]

[FBIS Translated Text] *An exclusive poll shows that deputies and senators approve of the administration's reforms that would end the monopolies and change the social security retirement system.*

Rarely have the Executive Branch, the legislature, and public opinion been so in tune with each other. That the government wants to make changes in the Constitution is nothing new. Fernando Henrique Cardoso made this very clear during the presidential campaign. The electorate, which voted on his generic program last October, is now, according to public opinion polls, responding favorably to specific points in the proposed constitutional reform. The unknown factor was Congress, where delegations varied little in size and the resistance to change is, traditionally, greater. Well, don't the legislators also want to change the Constitution? A poll of deputies and senators completed last week by the Vox Populi institute of Belo Horizonte exclusively for VEJA shows that seven of every 10 legislators are in favor of the changes because they believe the present Constitution has become an obstacle to this country's growth.

Most of them would like to end the government monopolies in petroleum, telecommunications, transportation, and energy. They also want to abolish the market reserves that hinder the entry of foreign capital. Even proposals that have less impact, such as social security reform, have excellent chances of passage. Deputies and senators agree that the criteria for calculating length of service and age for retirement purposes need to be changed and believe the solution to the problem would be to adopt a mixed public and private retirement system. To amend the Constitution, three-fifths of the Chamber and a similar majority of the Senate must approve the changes, in two rounds of voting. VEJA's poll shows that two-fifths of legislators would vote for a change in the 1988 Constitution on all the administration's proposals.

The first five amendments, sent to Congress by President Fernando Henrique Cardoso on Thursday afternoon, are

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part of a reform package that would change about 30 articles of the Constitution. This first lot abolishes the government monopoly in petroleum, electricity, and telecommunications and allows private companies to invest in those sectors. It also ends the ban on entry of foreign companies into exploitation of ores and the transportation of freight and passengers between Brazilian ports. Lastly, it changes the definition of "Brazilian company" so as to treat domestic and foreign capital equally. In the coming weeks, the government will send down, in stages, its proposals on social security, taxes, and administration. Planalto Palace thinks each proposal can be passed within three months of being sent to Congress.

Good Will

The poll by Vox Populi, taken between 8 and 15 February, consulted 451 legislators—400 deputies and 51 senators. This represents slightly more than 75 percent of the Congress, where the government needs 60 percent support—three-fifths both in the Chamber and in the Senate—to get its amendments passed. Pollsters asked the legislators 21 specific questions on five topics of the reform: economic order, the social security system, civil service, the financial system, and taxation and fiscal issues. Vox Populi also asked them whether they concurred with the administration's view that one of the problems with the present Constitution is an excess of detail that makes it hard to implement. Eighty-two percent of them said the Constitution needs to be shortened and many of its subjects transferred into complementary laws. Furthermore, the poll included some questions that, although not part of the constitutional reform, are considered key to improving the government's performance. One of them, privatization of inefficient state banks, was supported by 73 percent of deputies and senators. Another, about greater autonomy for the directors of the Central Bank, won 69 percent approval.

These indices are very similar to those of other polls taken among the general public. One of these, released last week by the newspaper O ESTADO DE SAO PAULO, showed that 68 percent of respondents favor breaking up the petroleum monopoly, 76 percent seek an end to the telecommunications monopoly, and 73 percent support reducing the number of taxes as part of a tax and fiscal reform. The biggest difference between the wishes expressed by members of Congress and those of the man-in-the-street pertain to a subject that promises to generate plenty of discussion, i.e., social security reform. Opinion polls show the public opposes the idea of changing the length-of-service and age limits for retirement. However, when legislators were queried, they revealed a surprising willingness on the part of Congress to accept the government's proposals in that area. "Reform will depend on the outcome of the clash between those views," said sociologist Marcos Coimbra, president of Vox Populi. "From the administration's standpoint, having the sympathy of Congress prior to the reform is a good beginning, but the public will also have to be convinced to support the changes. If there is a conflict between the amendments and public opinion, the administration will lose."

In other words, coincidence of opinions at the wholesale level does not mean constitutional change at the retail level. The Vox Populi poll, for example, did not ask legislators how they would vote in open public session. And in actual voting on the floor, deputies and senators will vote openly, in sight of the voters. They will be much more susceptible to pressures. And the lobbies, as we saw in 1988, have money, people, and firepower. It is one thing to take the pulse of Congress while the changes are still being debated on the legal and institutional planes. It is quite another to figure out how legislators will react to pressure from organized interests that promise to go into action during the amendment study and voting phases. In the poll, legislators were game for change. Things could be different in practice. "When you ask whether the government should cut spending and reduce taxes, everyone says 'yes,'" said former Minister Mailson da Nobrega. "When you talk about cutting the appropriation for a specific program, unanimity vanishes."

Use a Calculator

When they vote on the amendments submitted by the administration, deputies and senators will keep their ears attuned to the voters in the case of social security, and will listen closely to governors and mayors in the case of tax and fiscal reform, which is likely to tinker with the structure of taxes and contributions and redistribute revenues among the federal, state, and municipal governments. "Tax reform will be done on a calculator," warned Deputy Francisco Dornelles (PPR-RJ) [Progressive Renewal Party—Rio de Janeiro]. "You are dreaming if you think governors and mayors will go along with losing even one cent of their current revenue." Knowing this, the administration decided to concentrate the first bunch of amendments sent to the Congress in the chapter on the economic order. "Those amendments are the ones that arouse the least controversy and are likely to move through most quickly," explains Minister of Planning Jose Serra. Tuesday night, President Fernando Henrique summoned to his office what amounted to the General Staff of the Republic. Present were Speaker of the House Luis Eduardo Magalhaes; Senate President Jose Sarney; Ministers Nelson Jobim, Jose Serra, Pedro Malan, Reinhold Stephanes, Sergio Motta, Clovis Carvalho and Bresser Pereira; and Vice President Marco Maciel. Fernando Henrique wanted to know what each of them thought about the text of the proposals he would be sending to Congress on Thursday. Former President Sarney was pragmatic. "Look, you don't need to worry about the content. You know, don't you, that you have a majority? That's all you need to know, and the rest will come in time," Sarney instructed the group. "If you don't know this by now, it will be a good time to find out," he recommended.

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Initially, Fernando Henrique wanted to send all the proposed constitutional changes to Congress at once. He gave up that idea when he realized that the administration itself was unable to agree on certain topics. This is the case with tax reform, the object of disagreements between Ministers Jose Serra, of Planning, and Pedro Malan, of Finance. In the reform advocated by Malan, the administration would propose combining the ICMS [Goods and Services Movement Tax], the IPI [Industrial Products Tax], and the ISS [Services Tax] into a single tax to be collected by the Federal Government and redistributed to state and city governments. Serra thought that including the ISS, now collected by the cities, would spark opposition from the 5,000 mayors. Last week, the administration was leaning toward Serra's proposal, which calls for the ICMS and IPI to be merged, leaving the ISS alone. Even so, submission of the tax reform proposal to Congress was put off until early March.

The big news pertains to the petroleum monopoly. As of Saturday morning, 11 February, the administration was still divided on the question of whether to fiddle with the privileges of Petrobras [Brazilian Petroleum Corporation]. One group of ministers, headed by Sergio Motta of Communications, thought that the fuss over ending the monopoly might cost the administration too much public good will and even make reform impossible. Another group, headed by Serra, preferred to bet on the feasibility of changing the Petrobras monopoly. Fernando Henrique then assigned PSDB [Brazilian Social Democracy Party] President Pimenta da Veiga, PFL [Liberal Front Party] President Jorge Bornhausen, and PMDB [Brazilian Democratic Movement Party] President Luiz Henrique to make a detailed survey of each party's willingness to tackle the subject. The result, which was confirmed by the Vox Populi poll, was encouraging to the president. "So we can go ahead with the game, we will propose an end to the monopoly in all fields," Fernando Henrique announced at a Tuesday afternoon meeting with a few ministers, the presidents of the three parties, and their Chamber and Senate leaders.

The Public Utilities Law

The modification that changes life for Petrobras is a subtle one. The amendment retains the principle of the government monopoly over petroleum, but says the Federal Government can hand over to private firms activities in prospecting, drilling, refining, and shipping—all of which, to date, have been reserved exclusively for Petrobras. To do this, the administration is likely to use the new public utilities concessions law. Signed by President Fernando Henrique Cardoso, this law is the legal joker in the constitutional reform process. Without breaking up the Federal Government's monopoly in those sectors, it allows the government to sign contracts with private firms, under the concession regime, to do almost anything in Brazil: build and administer highways, erect hydroelectric plants, operate telephone systems, and even drill for petroleum.

"The public utilities concession law is the first important step in changing the shape of the Brazilian state," Fernando Henrique Cardoso declared at the signing ceremony for the new law. The occasion coincided with moves that put a lot more pressure on state enterprises. On Thursday, the government handed down a package of measures that forces its companies to cut about 10 percent, which is equivalent to $3.6 billion, from their spending this year. State enterprises are banned from hiring anyone for 90 days and will have to submit their pension funds to the scrutiny of independent auditors. In the electricity sector, the government canceled 34 concessions for plants on which construction was never started, and gave the utility companies six months in which to submit plans to complete 16 other plants on which work has been suspended. Brazil spends more than $1 billion just to maintain the idle construction sites of those projects. State enterprises will have to find private partners willing to cover at least one-third of the resources needed to finish those plants. Otherwise, they will lose those concessions, too.

One good feature of the last-minute change in the amendments on the monopolies and treatment of state enterprises is that it gives breathing room to an administration that needed to step up to the plate. "By putting its proposals to the Congress, the government sends a signal to public opinion and the international community that it is working on changes, while it gains time to negotiate the more complicated proposals," said PFL leader Inocencio Oliveira. Among these "complex proposals" are the social security system, tax reform, and administrative reform—the last another topic that promises to give the administration a headache in its negotiations with the Congress. The hot potato issue in the administrative reform is the end of civil servant tenure.

'Bogeyman'

The Vox Populi poll shows that the government has a majority in Congress on this question, but not enough of an edge to pass a constitutional amendment. Of the legislators polled, 51 percent favor an end to tenure and 45 percent oppose it. To pass the amendment, the administration would need 60 percent. Another administrative reform measure calls for abolition of public competitive examinations for admission to most civil service careers. They would be retained only for careers considered as uniquely governmental, such as judges, diplomats, and revenue agents. This would give the government more flexibility in hiring and firing personnel, using the same procedures that apply to private firms. Judging by the Vox Populi poll, that proposal, backed by only 40 percent of legislators, would not get through Congress. "Civil servant tenure, along with the social security issue, has a heavy impact on the public because it touches employment," sociologist Marcos Coimbra said. "Both the general public and the Congress are very sensitive about that."

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The administration hopes to have the aid of mayors and governors in tackling civil service tenure. "All of them are bankrupt," said Carlos Bresser Pereira, minister of administration and reform of the state. "A lot of mayors find 100 percent of their revenue tied up in civil servant payrolls. If they cannot fire anyone, then how are they going to manage their cities?" Nationwide, there are about 7 million government employees—corresponding to one out of every 10 Brazilian workers. Of these, about 700,000 work for the Federal Government. The other 6.3 million are employed by the 27 states and 5,000 municipalities. The Public Servants Union predicts that 1.4 million employees throughout this country could lose their jobs if tenure becomes part of the reform. Controlled by the CUT [Sole Workers Central], the unions associated with public service promise to go on strike and to lay siege to Congress to prevent that from happening. On Thursday, President Fernando Henrique sent them a message. "It is only those who have privileges who want to protect themselves from reforms," he said. "The time has come to face up to the lobbies who are paid by the public servants, and to do so with plenty of conviction. That bogeyman does not scare us."

The administration will not have an easy time getting the entire package of amendments through Congress. Before being put to a vote, the amendments will be examined by the Chamber of Deputies' Committee on the Constitution and Justice, starting a process that could take at least 132 days, if all the deadlines are met. Once that phase is over, an amendment needs approval of 308 deputies. Five days after the first vote comes another one. If passed a second time, the text goes to the Senate. There, everything starts over again. The Justice Committee has 30 days to decide on the merits of the proposal. If changes are made, another 30 days of review are needed. Then it has to be approved by 49 senators in the first round and, five sessions later, reapproved in a second round. If the senators make any changes, the amendment goes back to the Chamber and everything starts over at square one. One of the ways to hasten the reform, which administration leaders agreed to in a meeting with the president, would be to change one article of the bylaws of both houses to make Mondays and Fridays regular working days—at present, deputies and senators work only from Tuesday to Thursday. By adding two more days to the week and if everything goes well, the country would have its new Constitution ready sometime between September and October.

Text of Poll Questions

Following are the questions asked in the Vox Populi poll, with the results obtained:

Do we need to change the Constitution? Yes: 94 percent. No: 5 percent. Don't know/no opinion: 1 percent.

Is the present Constitution an obstacle to the country's growth? Yes: 72 percent. No: 27 percent. Don't know/no opinion: 1 percent.

Should the Constitution be shortened by converting much of its subject matter into ordinary or complementary law? Yes: 82 percent. No: 16 percent. Don't know/no opinion: 2 percent.

Would you agree to ending the monopoly in petroleum? Yes: 58 percent. No: 39 percent. Don't know/no opinion: 3 percent. What about telecommunications? Yes: 78 percent. No: 18 percent. Don't know/no opinion: 4 percent. Electric power? Yes: 84 percent. No: 11 percent. Don't know/no opinion: 5 percent.

On changes in social security, legislators were asked the following questions:

Should the criterion for calculating length of service and age for retirement purposes be changed? Yes: 69 percent. No: 27 percent. Don't know/no opinion: 4 percent.

Should the public system put a ceiling on retirement and other pensions, supplemented by a private system? Yes: 87 percent. No: 8 percent. Don't know/no opinion: 5 percent.

Should there be a single retirement plan for all workers, including government employees, thereby ending the special retirement systems? Yes: 69 percent. No: 23 percent. Don't know/no opinion: 8 percent.

Should we break the link between the minimum wage and benefit payments? Yes: 42 percent. No: 50 percent. Don't know/no opinion: 8 percent.

On administrative reform, pollsters asked:

Do we need to end the tenure system for government employees? Yes: 51 percent. No: 45 percent. Don't know/no opinion: 4 percent.

Should we keep the competitive examinations only for typically governmental careers such as judges, diplomats, and revenue agents? Yes: 40 percent. No: 56 percent. Don't know/no opinion: 4 percent.

Regarding the market reserves, the questions were:

Do we need to change the definition of "domestic company" in order not to discriminate against foreign capital? Yes: 71 percent. No: 24 percent. Don't know/no opinion: 5 percent.

Should foreign companies be allowed to engage in mining in Brazil? Yes: 70 percent. No: 24 percent. Don't know/no opinion: 6 percent.

Should private firms be able to distribute gas through mains, something only the state can do now? Yes: 87 percent. No: 10 percent. Don't know/no opinion: 3 percent.

Would you allow foreign shipping companies to compete with Brazilian firms in cabotage? Yes: 75 percent. No: 16 percent. Don't know/no opinion: 9 percent.

Would you like to see an end to the prohibition against state enterprises declaring bankruptcy or entering

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Chapter 11? Yes: 74 percent. No: 20 percent. Don't know/no opinion: 6 percent.

On the financial system and tax and fiscal reform, legislators were asked:

Should Central Bank directors be appointed for a fixed term of office and be removable only with Congressional authorization? Yes: 69 percent. No: 24 percent. Don't know/no opinion: 7 percent.

Should some state banks be privatized? Yes: 73 percent. No: 25 percent. Don't know/no opinion: 2 percent.

Should the 12-percent ceiling on interest rates be maintained in the Constitution? Yes: 35 percent. No: 58 percent. Don't know/no opinion: 7 percent.

Do we need to reduce the number of taxes and simplify the system? Yes: 86 percent. No: 11 percent. Don't know/no opinion: 3 percent.

Should states and municipalities assume more assessment authority to offset loss of revenue from the Federal Government? Yes: 74 percent. No: 20 percent. Don't know/no opinion: 6 percent.

Do we need to reduce the charges against company payrolls? Yes: 80 percent. No: 15 percent. Don't know/no opinion: 5 percent.

Chile

Economy Minister Assesses Results of European Tour

PY2803170395 Santiago LA TERCERA DE LA HORA in Spanish 20 Mar 95 p 24

[Article by Raul Rojas]

[FBIS Translated Text] In an exclusive conversation with LA TERCERA DE LA HORA during President Eduardo Frei's return flight from Europe, Chilean Economy Minister Alvaro Garcia said: "Chile will become a great international commercial and financial center, with imports and exports from Europe that will be projected throughout Latin America."

The Chilean minister considered the trip "a great investment in the country's image, because very important opportunities have been opened up." Essentially, Garcia said that the country has been made known, "negotiations have been promoted, and we have achieved explicit support from all the governments of the countries we visited for Chile's association with the European Union."

He added that talks will begin this year, and expressed confidence that they will be successfully concluded. In addition to pointing out that progress has been achieved in an agreement to promote and protect investments with Germany and Switzerland, he stressed the existence of clear possibility of signing agreements to avoid double taxation and promote foreign investments.

However, Garcia explained, there is much ignorance in Europe, namely in the entrepreneurial area, about Chile's real situation and how this country is being affected by the problems of some Latin American countries. In this regard, he explained that the detailed analysis presented in Europe "not only provided confidence, but generated great enthusiasm for participation in the Chilean process through investments and increasing trade operations."

Recalling the business meetings held in seven European nations, the minister said that they managed to set up several important visits to our country by government and entrepreneurial delegations.

He said that the Milan Chamber of Industry and Commerce will soon send a delegation to Chile to learn about business opportunities.

The Chambers of Commerce of Belgium and Luxembourg will organize trips to Chile, and the Spanish president and his foreign trade minister will explore joint ventures between companies from both countries, while the industry and commerce minister and a group of businessmen will visit Chile in April or May 1995.

He added that in Germany, during the meeting with Frankfurt bankers, it was decided to strengthen the idea that Chile must become the financial platform for assisting the whole of Latin America, so that German and European banks, which already have offices in Chile, should install main offices for the other nations of the hemisphere.

Large German companies participated in the meetings in Bonn, while in Dresden the Chilean businessmen expressed interest in participating in the privatization process in eastern Germany, and creating through that channel a commercial network for that region, which is growing at a pace of 9 or 10 percent annually. An agreement was also reached in these meetings to promote a meeting between Alvaro Garcia and his Argentine counterpart Domingo Cavallo to explore joint ventures with German businessmen.

The economy minister added that in the meetings held in Switzerland, many of the economic groups that have interests in Chile have expressed their intention to increase their investments.

State Charged Before OAS for Unfair Ruling in Torching Case

PY2903000295 Madrid EFE in Spanish 1611 GMT 27 Mar 95

[FBIS Translated Excerpt] Santiago, 27 Mar (EFE)—Attorney Hector Salazar today filed a law suit before the OAS Inter-American Human Rights Commission against the Chilean state for an unfair ruling in the case of youths torched by military officers in 1986.

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According to Salazar, these charges before the OAS Commission are linked to a similar petition filed before this organization in 1989.

On the previous occasion, the OAS decided to recommend to the Chilean Government that it adopt the necessary measures to determine the degree of responsibility and identify the authors of the attack against the youths Rodrigo Rojas and Carmen Gloria Quintana.

On 2 July 1986, during a nationwide strike decreed against General Augusto Pinochet, who was president of the Republic at that time, the two youths were torched alive by a military patrol that first sprayed them with fuel and then set them afire.

In its resolution, and after the case appeared to be stalemated, the OAS stated that all necessary measures should be taken to determine who was responsible for "such a condemnable incident, and those found guilty should be punished as an example to avoid repetition of such repudiable crimes."

The OAS added that the Chilean Government "had violated the right to justice by not providing the judicial resource to protect the victims' rights."

Salazar explained that on this occasion the OAS had been asked to see to it that "the Chilean state wholly fulfills the recommendations, and to establish a peremptory deadline for it to do so. [passage omitted]

Colombia

Government Announces Weapon Ban in Cali

PA2803034095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 28 Mar 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] The government issued a communique this afternoon prohibiting the carrying of any kind of weapon, with or without a permit, in the city of Cali or in the surrounding areas.

The measure went into effect today. The government suspended all gun permits in rural and urban areas of Santiago de Cali Municipality. From now on, anyone caught carrying a weapon will be punished according to the law. Sentences for this crime range from two to six years in prison.

The government announced this measure an hour ago. The measure was adopted within the framework of the strategy to counter drug trafficking and crime in the capital of Valle Department. To ensure that the measure is complied with, the Special Joint Command will carry out surprise sweeps to confiscate weapons and punish those who violate the measure.

Ecuador

High Command Says Peruvian Patrol Violated Cease-Fire

PA2903041095 Hamburg DPA in Spanish 0125 GMT 29 Mar 95

[FBIS Translated Text] Quito, 28 Mar (DPA)—Ecuador confirmed tonight that after being observed for four weeks, the cease-fire along the border area with Peru was broken last night. Ecuador accused a Peruvian patrol of attacking an Ecuadoran surveillance post located on the western bank of the Cenepa River.

The attack left one Ecuadoran soldier dead and three others injured, according to a report from the military high command in Quito.

Peru had previously accused Ecuador of breaking the cease-fire following a presumed attack on a patrol and the death of a Peruvian soldier.

The reports from Quito and Lima agree with today's reports by the multinational observers group responsible for supervising the cease-fire. The observers disclosed that shots were heard last night in the conflict area, although they did not specify their origin.

According to the Ecuadoran report, the Peruvian attack was repelled and the observers notified of the break in the cease-fire. Brazilian General Candido Vargas de Freire, the observers' coordinator, issued an order for the advance guard to assume "new positions."

"The Ecuadoran troops have already assumed new positions," according to the report from Quito.

Ecuador has criticized the observers from the United States, Brazil, Argentina, and Chile for not expediting the process to demilitarize the area in keeping with the terms of the peace declarations signed in Brasilia and Montevideo.

"Ecuador hopes the guarantor countries will speed up the peace process to prevent probable armed incidents in the conflict areas," the Ecuadoran military communique added.

The cease-fire had been in effect since 1 March following 35 days of clashes in Alto Cenepa, a 420-square kilometer jungle and swamp area claimed by the two countries.

Guarantor Spokesman Comments

PA2903051295 Madrid EFE in Spanish 0143 GMT 29 Mar 95

[FBIS Translated Text] Quito, 28 Mar (EFE)—A spokesman for the guarantor countries reported today that Ecuadoran and Peruvian troops at the undelimited border region had heeded the cease-fire orders given by the mission of military observers from Argentina, Brazil, Chile, and the United States following a five-hour clash on Monday [27 March].

Argentine Colonel Jorge Gomez warned, however, that Ecuador and Peru "will be directly responsible" if something happens to the military observers as a result of violations of the cease-fire agreement and for the "suspension of operations" of the so-called "Ecuador-Peru Multinational Observation Mission" (MOMEP).

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Monday's clashes, added the MOMEP spokesman on the Ecuadoran side, began "at 1300 and continued at varying levels of intensity until approximately 1800" (1800 to 2300 GMT, respectively).

According to Ecuadoran and Peruvian military reports, the clashes left two soldiers dead (one Ecuadoran and one Peruvian) and three Ecuadoran soldiers injured, one of them seriously.

The troops of the opposing nations staged an undeclared war in an undelimited area on their common Amazonian border that lasted from 26 January to 28 February. The clashes on Monday took place in the same area.

Today, both countries accused the other of violating the Itamaraty (seat of the Brazilean Foreign Ministry) peace agreement, which was signed in Brasilia on 17 February, and which was also violated prior to 1 March, when it was ratified in Uruguay.

The agreement stipulates that military observers from the four guarantor countries of the Rio de Janeiro Protocol (an Ecuadoran-Peruvian border agreement signed in 1942 that established the borders between the two warring nations) will supervise "in situ" compliance with the cease-fire agreement, the separation of forces, the demilitarization of the area, and the subsequent military demobilization by both sides.

The Argentine colonel made the statements in the Ecuadoran district of Patuca, which is approximately 50 km north of the disputed area. He asserted that after the observers and the parties confirmed the clashes, MOMEP had demanded and received an "immediate" cease-fire and had also ordered "the immediate withdrawal of the troops [elementos] from the area where the clashes occurred."

To this effect, a news bulletin by the Ecuadoran Armed Forces Joint Chiefs of Staff maintained that their soldiers "assumed the new assigned positions as of 1000 hours (1500 GMT) today."

Brazilian General Candido Vargas De Freire, chief of the MOMEP, "stressed the fundamental importance of the parties' calming down and avoiding any action that could affect the accomplishment of the mission, which will only materialize with the resolve of the two countries involved in this conflict," the Argentine officer added.

Col. Gomez said "the observers were able to confirm the existence of a clash by the explosions from shots fired by portable weapons and probably from fire-support weapons."

The incident took place, he added, in the northwestern area near Watch Post No. 1 (PV-1)," the Peruvian detachment to which the Peruvian troops should fall back.

"We have had broad support from the two parties, which have demonstrated goodwill to begin the withdrawal of the troops, but obviously these incidents prevent us from beginning this process effectively. We must have the basic premise of an absolute cease-fire," he stressed.

"The MOMEP's mission—he recalled—is not to be a peacekeeping force to withdraw the troops but to supervise the cease-fire, the withdrawal of forces, and the demilitarization and demobilization process. We observe and supervise that the countries comply with what they have agreed to, but we have neither the forces nor the mandate to withdraw troops."

Consequently, he stated that if "we do not now have the minimum security for a military observer to enter places beyond PV-1 and Coangos," we can hardly ask them to reach Tiwinza and Base Sur, the sites of the bloodiest clashes of the undeclared war.

The agreements stipulate that the Peruvian troops should fall back to PV-1, whereas the Ecuadoran troops should fall back to the Coangos Detachment. These two places are located south of Tiwinza and Base Sur.

"If security measures deteriorate near PV-1 and Coangos, the MOMEP's priority will be to withdraw its members from those places," the Argentine officer emphasized after reiterating that the observers were "very close" to the site of Monday's clashes.

Ministry Issues Bulletin on Peruvian Citizens Under Arrest

PA2803195695 Quito Voz de los Andes in Spanish 1700 GMT 28 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] We have received a bulletin from the Ecuadoran Foreign Ministry that states:

In view of the campaign Peruvian authorities have unleashed over alleged mistreatment of Peruvian citizens residing in Ecuador, the Foreign Ministry states the Ecuadoran Government's policy is to respect the human rights of foreigners and Ecuadoreans, as well as regulations outlined in current humanitarian agreements.

In a meeting, the Foreign Ministry deputy secretary for international organizations has informed Mr. Raul Patino, charge d'affaires of the Peruvian Embassy, that the Ecuadoran Foreign Ministry has made a detailed joint study with the Defense and Government Ministries of lists of names of Peruvian citizens under arrest in our country.

It has been determined that some of the names on these lists were mistaken and that most of those under arrest were undocumented or had other immigration problems and had already departed the country. Other names belonged to people who had been detained only briefly and are also no longer in Ecuador.

It has also been established that certain Peruvian citizens residing in the country had gone into hiding out of fear,

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according to them, due to the circumstances that could take place during the conflict.

The Peruvian charge d'affaires was also informed that citizen Noe Antonio Chinchon, who appeared as missing on the Peruvian lists, had already been located and sent to the border. There are seven people under arrest for common crimes, such as forging documents, robbery, rape, and so on; thus, they are awaiting orders from their respective judges.

Government Cannot Afford Expansion of Oil Pipeline

PA2703043695 Quito Voz de los Andes in Spanish 1730 GMT 25 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Energy and Mines Minister Galo Abril has said the government is in no condition to invest the $600 million needed to increase the capacity of the oil pipeline. The current daily production level of 375,000 barrels already surpasses the pipeline's capacity by approximately 10,000 barrels.

For this reason, Ecuador pays $25 million a year to lease a Colombian pipeline to transport the surplus oil to the coast where it is either exported or refined. Ecuador's underground oil riches amount to approximately 6 billion barrels. The annual extraction of approximately 137 million barrels is entrusted to state enterprises and international private enterprises.

Critical observers doubt the veracity of these reserve figures. Meanwhile, others want international companies out of all oil-related operations, while some have even termed as treason the initiative to put pipeline operations in private and foreign hands.

Ministry Sends Note to Japan on Nuclear Waste Shipment

PA2603023295 Quito Voz de los Andes in Spanish 1700 GMT 24 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Foreign Ministry has reiterated to the Japanese Government that there is great concern in the country over the shipping route of the British vessel Pacific Pintail, which is transporting nuclear wastes.

After going around Cape Horn, the ship is now in the Pacific Ocean en route to Japan—its final destination. The Japanese Embassy has assured that all necessary safety precautions have been taken to prevent accidents in accordance with the regulations of the International Atomic Energy Agency and the International Maritime Organization.

As on previous occasions, the Ecuadoran Foreign Ministry has warned that the Ecuadoran Government will not permit this or any other ship transporting similar cargo to enter Ecuadoran territorial waters.

Monetary Board President on Slowness in Production Sector

PA2503022195 Quito Voz de los Andes in Spanish 2300 GMT 23 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Monetary Board President Ana Lucia Armijos has acknowledged there is a slowness in the production sector as a consequence of the armed conflict. Armijos has emphasized, however, that the Ecuadoran economy has remained stable and that it will reactivate gradually.

Regarding reactivation, Armijos has said that Ecuadoran banks have resumed operations and have recovered their stability, because their clients are once again entrusting their resources to the financial system. Economist Armijos has said the surplus of the state general budget cannot be used, because it no longer exists following recent economic changes and because this surplus was based on estimated revenues from income tax and the value-added tax for 1995.

Armijos has warned the expected surplus of 680,000 billion sucres will, in fact, be less, because 1995's economic growth will be lower than expected.

Paraguay

Executive Branch Makes Armed Forces Appointments

PY2803150295 Asuncion ABC COLOR in Spanish 28 Mar 95 p 9

[FBIS Translated Text] The Executive Branch on 27 March issued several decrees. Through Decree No. 8151, President Juan Carlos Wasmosy named Division General Oscar Rodrigo Diaz Delmas as chief of the Joint Staff replacing Division General Roosevelt Cesar Benitez Molinas.

Through another decree, Brigadier General Santiago Zaracho Frucadez is named interim commander of the 1st Army Corps replacing Division General Oscar Rodrigo Diaz Delmas.

Brigadier General Antonio Dejesus Martinez Lezcano is named commander of the 1st Cavalry Division replacing Brigadier General Santiago Zaracho Frucadez.

The Executive Branch also named Major Cipriano Melgarejo Guanes as paymaster of the Artillery Command, which comes under the command of the Army Command. Melgarejo Guanes replaces Colonel Antonio Virginio Ortiz Maidana.

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Police Official Comments on Detained Lebanese

PY2703221795 Asuncion ABC COLOR in Spanish 23 Mar 95 p 24

[All Lebanese names as published]

[FBIS Translated Text] The alleged Lebanese terrorists who are currently being detained in our capital are suspected of having been involved in a bomb attack against the Israeli Embassy in Buenos Aires. This remark was made by Principal Superintendent Enrique Martinetti, head of the Police Intelligence Department, when referring to an Interpol report confirming that the identity of one of the Lebanese nationals was false. According to official records, one other suspect, Luis Alberto Nader, is allegedly a contact of the Cali cartel in Europe.

"It is almost certain that they have been involved in some terrorist activities, particularly in the planning stage. It is believed that they, or at least some of them, are involved in the attack on the Israeli Embassy," the National Police Intelligence Department chief said yesterday.

Martinetti was referring to reports issued by the Argentine and Brazilian police with respect to the background of the Lebanese nationals arrested in our capital a few weeks ago.

The Brazilian branch of Interpol confirmed that one of the suspects, Johnnie Moraes Baalbaki, was carrying a totally false birth certificate. According to the sources, his identity card was not legal, either.

"Argentina's justice department is very interested in the extradition of these people. Investigations concerning them are continuing in that country, and the police suspect them of participation in terrorist acts, particularly the attack on the Israeli Embassy in Buenos Aires," Martinetti said.

Authorities attributed the March 1992 attack on the Israeli Embassy, in which hundreds of people were killed [as published], to Muslim fanatical groups.

Cali Cartel Contact

The Brazilian of Lebanese origin, Luis Alberto Nader, is an alleged contact of the Cali cartel in Europe, specifically in Italy and Russia, Principal Superintendent Martinetti said.

These reports were provided by security agencies of countries interested in clarifying the suspects' situation.

The Lebanese detained in our capital are Johnnie Moraes Baalbaki, Roberto Riveiro Ruiz, Luis Alberto Nader, Mohammad Hassan Alayan, Fadi Abdul Karim Chekair, and Sergio Rodrigo Salem.

Antidrug Secretariat Official on Trafficking Issue

PY2803215695 Asuncion ULTIMA HORA in Spanish 28 Mar 93 pp 2, 3

[Text] Faustino Antunez, the National Antidrug Secretariat (Senad) public relations chief, did not rule out the possibility of our country being a den of drug lords, as U.S. Ambassador Robert Service emphasized yesterday. Nevertheless, Antunez emphasized that the Senad is not protecting any "drug lord."

Antunez said: "Why should we rule out the possibility of drug lords living here? Maybe there, next to the newspaper building, lives a gentleman who is running a cartel and this fact remains unknown. These people are extremely sophisticated. It is necessary to bear in mind that these people are trafficking to the United States, using submarines and [Boeing] 707 planes."

Antunez noted that the Senad and the National Police are pursuing monitoring and intelligence activities, but it is not possible to violate the constitutional provisions on personal freedom. Antunez thus responded to a petition made by Service on the establishment of an investigative service that will produce reports allowing the detention of drug lords.

Antunez indicated: "There is a lot of speculation on this issue. People say so-and-so is involved, and so on. People are kind of hasty and want measures to be taken immediately. But it so happens that we are living under a democratic system, and it is difficult to obtain any evidence. There is nothing we can do without evidence. We cannot trample on or subjugate anyone. It is not possible to carry out a raid and catch people, beat them with a stick and extract testimonies."

The Senad public relations chief noted that the Senad is working locally and internationally with their counterparts around the world and that the recent arrest of two French criminals and the discovery and seizure of a drug shipment demonstrates that the intelligence activities are functioning well.

1994 Senad Operations

Seizures:	Destruction:
Cocaine	731 kg; 119 hectares of marijuana crops
Packaged marijuana	3,381 kg
Harvested marijuana	6,282 kg; 223 kg of marijuana seeds; 56 camps
Trucks	1
Pick-up Trucks	5
Cars	4
Motorcycles	5
Revolvers	54
Shotguns	19
Rifles	7
Pistols	9
Other rifles	5 Additional data for 1994: 58 detainees, 27 fugitives, 1 killed

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January-March 1995 Senad Operations	
Seizures:	Destruction:
19 bottles of liquid cocaine in Asuncion and Buenos Aires	212 hectares of marijuana; 5 kg of cocaine; 317 kg packaged marijuana; 12 kg of marijuana seeds
Additional data for January-March 1995: 2 French citizens detained	

Peru

Approach of U.S. State Department Envoy Praised

PY2903004695 Lima EL COMERCIO in Spanish 22 Mar 95 p A2

[FBIS Translated Text] U.S. State Department envoy Luigi Einaudi's remarks to the effect that the parties involved in the border conflict, and the guarantor countries must abide strictly by the terms of the 1942 Rio de Janeiro Protocol and the Itamaraty Peace Declaration are very important and positive.

Einaudi is a well-known expert in Latin American affairs in general and Andean issues in particular. He has a good grasp of the border conflict issue because he was U.S. Assistant Secretary of State Alexander Watson's alternate at the meetings that were held in Brazil in February to arrange a cease-fire at the watershed of the Cenepa River.

This U.S. diplomat who heads a team of experts, and who recently concluded a visit to Ecuador, has been entrusted with a fact-finding mission that will enable him to properly brief the Clinton administration, and to share this informtion with the other guarantor countries: Argentina, Brazil, and Chile.

Einaudi has also been given a more specific task: To work for the total demarcation of the Peruvian-Ecuadoran border in order to prevent the recurrence of tense and belligerent situations. "The U.S. secretary of state and other officials of the U.S. Administration have asked me to prevent the recurrence of past situations, as was the case in 1981, when, following the separation of contending military forces, no further action was taken."

This is a praiseworthy approach to a sensitive situation that is worrying a continent barely recovering from the Mexican political and economic crisis, and the threat of a military confrontation on the Colombian-Venezuelan border.

Einaudi's manifest respect for international law and his menticulousness in dealing with three inter-related subjects that bear careful scrutiny is equally praiseworthy.

First, generally speaking, Einaudi shares the position that not only Peru but the international community upholds: The conflict that Ecuador unleashed by invading a portion of Peruvian territory can be solved only in keeping with the terms of the treaty that was freely signed and ratified 53 years ago.

Second, more specifically, Einaudi stated that the forces should be separated as agreed upon at Itamaraty [Brazilian Foreign Ministry]. This means that once the cease-fire is in place and being monitored by the observers from guarantor countries, the military forces of the two countries must gather at PV1 [Watch Post 1] and Coangos to establish a demilitarized area.

Finally, as far as the essence of the matter is concerned, Einaudi believes that the small undemarcated portion of the border must be demarcated (not just defined). Thus, he said: "Countries must have demarcated, uninterrupted, and stable borders."

We must emphasize that this U.S. diplomat does not have—as he should not—a set "formula." He acknowledged that his contribution is bound to be merely technical, and in keeping with the Rio de Janeiro Protocol.

Furthermore, to be legally valid, whatever he does should be backed up by the other guarantor countries and approved by Peru and Ecuador.

In fact, the border issue was resolved in 1942 and there is no room for changes. We should bear in mind that Peru has always complied with international law; it has not attacked Ecuador, and is merely upholding its historical and legal rights to its territory and sovereignty.

Thus, there is no room for concessions or flexibility outside the terms of the Rio de Janeiro Protocol. We hope, therefore, that in the quest for a definitive solution—which is what the Peruvian Government has asked for—Luigi Einaudi's studies and contribution will take this into account so that the border will be properly demarcated, and peace—not only binational but also regional—will be preserved.

Communique Reasserts Validity of Rio de Janeiro Protocol

PY2803155795 Lima EXPRESO in Spanish 23 Mar 95 p A3

["Text" of communique issued by Peruvian Foreign Ministry]

[FBIS Translated Text] 1. Ambassador Luigi Einaudi, U.S. Secretary of State Warren Christopher's envoy, and Ambassador Julio Cesar Gomes dos Santos, Brazilian President Fernando Henrique Cardoso's envoy, visited Peru on 17 and 19 March respectively.

2. The presence of special envoys from two of the four guarantor countries of the Rio de Janeiro Protocol, signed on 29 January 1942, indicates the intense interest of their respective governments in ensuring strict compliance with the Itamaraty Peace Declaration and in rendering their decided support for the full implementation of the Rio de Janeiro Treaty by ensuring the complete demarcation of the Peruvian-Ecuadoran border.

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3. The Peruvian Government reasserts its most sincere recognition for the exhaustive efforts being made by the guarantor countries to achieve peace between Peru and Ecuador, and for the unequivocal statements made by the U.S. and Brazilian envoys, who have agreed on the need for this process to be conducted within the juridical framework of the Rio de Janeiro Protocol.

4. It is, therefore, rejected that any of the guarantor countries might consider any proposal that is contrary to the spirit and letter of the 1942 Rio de Janeiro Treaty, the full enforcement and validity of which has been irrefutably recognized by Ecuador throughout the past three months.

5. In his negotiations with the U.S. and Brazilian envoys, the president has categorically reasserted Peru's position, and his firm conviction of the imperative need to uphold international treaties and arbitration rulings as an indispensable condition for the maintenance of international peace and security, which are fundamental requisites for achieving the development and well-being of our countries.

Lima, 22 March 1995

Foreign Affairs Ministry

Press Directorate

Highlights of UPP Government Program Detailed

PY2803230395 Lima CARETAS in Spanish 23 Mar 95 pp 14-15

[Highlights of Union for Peru Movement, UPP, government plan]

[FBIS Translated Text] Because the main objective is to promote productive jobs, the UPP proposes:

- To promote the legalization of the underground economy.
- To promote jobs for the young.
- To support small and medium-sized enterprises (PYMES) through decentralized financing, training, promotion of capitalization and proper legislation.
- To implement an integral professional training policy. To promote professional training through state and private business programs.

Economic Issues

The UPP proposes realization of a true market economy by implementing an economic model integrating both the market and the state. It seeks to implement an economic model based on an integral and decentralized development, and exports.

- This means, for example, that the currently enforced primary exports model that favors a third of the population will be replaced by a model that will allow all Peruvians to enjoy the economic growth resulting from the implementation of a market economy.
- To promote the export of manufactured products.
- To promote agriculture and agricultural industry.
- To propose the monetization of the economy and a balance of external accounts [equilibrio externo].
- A dollarization undermines any program to combat inflation.
- A lack of harmony in the commercial balance and balance of payments must be amended in a different manner from what we have been doing; namely, by reducing costs, returning indirect taxes, achieving regional and subregional trade agreements, and improving the purchasing power of the sol.
- To establish a financial development system comprising private banks, private development banks (backed by the government); a decentralized development bank (COFIDE [Financial Development Corporation] reform) to grant credit to diverse grass-roots institutions.
- To decentralize the economy: To decentralize credit, to implement the decentralization of the fiscal, social and public investment sectors. To grant local governments the capacity to spend and invest 30 percent of all government expenses, in addition to management of health and education services.

Agriculture

To accept that it can be the driving engine or force, we need:

- To increase the income of farmers.
- To create more productive jobs.
- To produce foods in a more efficient and competitive manner.
- To capitalize the rural sector through infrastructure and social services.

Agricultural policies seek to achieve sufficient generation and transference of technology consisting in a permanent system, modern marketing of agricultural products, the capitalization of agriculture, an improvement of the production infrastructure, the establishment of a new rural development bank (by using the infrastructure of the National Bank and by investing in Peru some of the $5 million that Peru has abroad which will serve as a basis for the promotion of credits for agriculture), and the establishment of a proper legal and judicial framework.

We propose the drafting of an agricultural code that establishes levels of state intervention guaranteeing the right to own land, the exploitation of natural water resources that are publicly owned and not subject to privatization, and the right to own communal properties.

Structural Reforms

- To partially condone and refinance the foreign debt under better terms for Peru.
- To continue privatizating state-owned companies, without, however, leaving the destiny of Peru in the hands of multinational companies.

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- To establish a decentralized control system.
- To strengthen and decentralize Indecopi [National Institute for the Protection of Free Competition and Intellectual Property].

Social Issues

We propose four social development levels that will be the basis of the social policy to be applied to all, without exception.

- To promote the social development of children to guarantee their survival and full development.
- To promote the social development of school-age children to guarantee indispensable health and nutritional conditions to ensure the acquisition of knowledge.
- To promote the social development of workers to protect them from the uncertainty of unemployment and insufficient income.

Peru in the World

We need to implement a coherent, competitive, and institutionalized foreign policy.

"Border issues have been conducted in an irresponsible and incompetent manner. Peru is believed to be a persistent antagonist with regard to universal democratic values."

"There is no authentic international reinsertion, but a process of normalization of ties with the financial system, while there is a structural deficit in the commercial balance."

- To prioritize bilateral ties with neighboring countries. Brazil is one of the countries that deserves priority.
- To achieve a balance in our international relations.
- To achieve a constructive internationalization.
- To design a global agenda and identify universal values.
- To achieve the full institutionalization of the diplomatic service, the establishment of a Foreign Affairs Interministerial Council.

'Legitimate Concern' Expressed Over Detainees in Ecuador

PY2803170495 Madrid EFE in Spanish 0340 GMT 25 Mar 95

[FBIS Translated Text] Lima, 24 Mar (EFE)—The Peruvian Government expressed on 24 March its "legitimate and well-founded concern" over the fate of Peruvians arrested in Ecuador, and expressed its fear that they "could have been victims of forced disappearances."

A press note released by the Foreign Ministry states that the request submitted by Peru on 14 March to the Inter-American Human Rights Committee (CIDH) to visit Ecuador "as soon as possible" to verify reports on violations of the essential rights of Peruvians in that country, "has not yielded an official response" from Ecuador.

The note adds that there has been no answer "despite the time elapsed" and the fact that it was conveyed "immediately" to the Ecuadoran Government "in accordance with CIDH procedures."

The note adds that the only available information on the matter are remarks by Ecuadoran Defense Minister Jose Gallardo, "who referred to the arrest of only seven Peruvian citizens on presumed charges of espionage."

The note adds that Ecuadoran officials have not reported the arrest of other Peruvians or detailed the accusations leveled against them.

The note states: "These cases were clearly verified by the Peruvian consulates in Ecuador and by the director general of the Foreign Ministry Consular Affairs Department during her visit to Ecuador from 14 to 21 February 1995."

Luzmila Zanabria is the director of Consular Affairs who today said 11 Peruvians who live in Ecuador are still missing there.

The press note then stresses "the legitimate and well-founded concern" over the situation of detainees, "expressing concern that they could have been victims of forced disappearances. This situation must be clarified by a visit of the CIDH to Ecuador."

It adds that the permanent mission of Peru to the Organization of American States (OAS) today reaffirmed to the CIDH "the urgent need to visit Ecuador to verify the reports."

The note adds that the OAS stresses the importance of the committee to establish "appropriate communications channels" with the International Red Cross, "a humanitarian organization that has been trying to establish the whereabouts of the Peruvians arrested in that country."

The note concludes by saying that due to the "urgency and seriousness" of the situation, the Peruvian mission has asked the CIDH to urge the government of Ecuador to provide "as soon as possible" a report on measures adopted "concerning the serious reports by the government of Peru, seeking to avoid irreparable damage to the Peruvian citizens in Ecuador."

On 21 March, it was officially reported that 56 Peruvians remain in custody in military garrisons and several Ecuadoran Departments. They were arrested by the security forces of that country during the armed conflict between the two nations which began on 26 January 1995 and which ended on 28 February.

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Commentary Views Low Profile of Fujimori Campaign

PY2803182195 Lima CARETAS in Spanish 23 Mar 95 p 25

[Commentary by Fernando Rospigliosi: "Don't Make Waves"]

[FBIS Translated Text] With just over two weeks to go before 9 April [Peruvian presidential election day], the strangest campaign in the recent history of Peru is evolving amid the apathy of the people.

The candidate, who according to the polls should obtain the most overwhelming victory since the end of the military dictatorship in 1980, has not—formally speaking—campaigned. He has not made any political speeches, nor organized rallies or meetings with his numerous party followers. He did not do it before and he is not doing it now.

What is more, he has not issued any government plan. Voters will vote for him as they did in 1990: without knowing his proposals. It must be said, however, that the people are not losing anything by not knowing his government program. Neither his economic shock nor the coup were among his election promises in 1990 but they have been the most important decisions of his administration.

If a foreigner who knows nothing about Peru were to arrive today and asks for the political headquarters of the candidate who—according to the polls—is leading the presidential race; who are in his campaign team; who are in his economic team; how many campaign tours he has conducted throughout the country; and what is his line of political propaganda, he would be deeply surprised. The response would be that there is nothing: No party headquarters, no funds, no publicity, and no campaign tours. He has no government program and makes no promises. He is a ghost candidate. Yet the polls say he will win in the first round with over 50 percent.

This is a real farce because the incumbent president—who is seeking reelection—launched his campaign in 1993, several months before the plebiscite on 31 October of that same year. Since then, he has conducted an uninterrupted election campaign using state-owned funds and violating electoral guidelines.

On 21 March, for example, he continued to inaugurate schools and make speeches. He allegedly did so in his capacity as president. Nevertheless, he used the podium to attack his adversaries whom he described as liars for talking about the privatization of education. It is strictly forbidden under the Electoral Law to make such explicit statements. Yet an inexperienced and imprudent OAS observer at the occasion said everything was fine and that Fujimori is behaving in an excellent manner.

The strategy of the incumbent president, who seeks reelection on the last leg of his election campaign, is very clear. He intends to keep as low a profile as possible; both regarding the issues under discussion and the party campaign. He does not need an election campaign because he conducts his tours with state funds and organizes his rallies—the inaugurations—with captive audiences that are lead and reinforced, if necessary, with Armed Forces members.

He is not interested in discussing national problems or their possible solutions because he would expose himself to mistakes and criticism. He cannot offer more than a continuation of the same.

Mentioning the conflict with Ecuador is of course not at all beneficial to him because of the ineptitude he showed in handling state affairs and his lies that surpassed all imaginable boundaries.

Fujimori's campaign strategy, therefore, is as simple as his vocabulary. It can be summarized in three words: Don't make waves. He seeks to let everything remain as it is; without any indiscreet questions or annoying debates. He trusts that in so doing he will maintain the inertia that will allegedly allow him to win with over 50 percent of the votes.

It is difficult to believe that the voters will be overwhelmingly deceived by a president seeking reelection: Do the people have such an ambiguous and unclear perception of the opposition candidates that they will prefer to vote for the devil they know rather than the one they don't know. That is what Fujimori's is betting on. He is probably wrong and now we are witnessing the phenomenon that his adversaries are gaining more support. Fujimori's unfathomed ambition to remain in power may be frustrated.

Latest Polls Show Fujimori Losing Support, Perez Gaining

PY2803114095 Madrid EFE in Spanish 0631 GMT 26 Mar 95

[FBIS Translated Text] Lima, 26 Mar (EFE)—Experts on electoral polls agree that quite possibly no presidential candidate will receive an absolute majority in the upcoming 9 April elections.

The executives of the three main Peruvian pollsters indicated this weekend that the electorate's preference for the reelection of President Alberto Fujimori is decreasing as election day approaches.

This shows that runoff elections would be held if no candidate receives 50 percent plus one vote of the valid votes as established by the Electoral Law.

The pollsters Apoyo, Datum, and CPI conducted polls in the last few days and found that President Alberto Fujimori lost from four to five points in the last 10 days.

It was also found that ex-UN Secretary General Javier Perez de Cuellar, who is second the polls, is moving up.

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Further down in the polls are economist Alejandro Toledo of the Democratic Coordinating Movement-Peru Viable Nation, Ricardo Belmont of the Obras Civic Movement, and Mercedes Cabanillas of the APRA [American Popular Revolutionary Alliance].

Datum President Manuel Torrado said voter preference for Fujimori is "decreasing" in Lima, and that Perez de Cuellar has gone over the 20 percent he established for himself at the beginning of the electoral campaign.

Alfredo Torres of Apoyo said the recent poll held in the country also shows a drop in the percentage supporting Fujimori.

He said: "President Fujimori dropped from the 54 percent he had in January to 45.5 percent."

CPI Manager Director Manuel Saavedra agreed with the other pollsters that Fujimori lost from four to five points and that Perez de Cuellar is gaining support.

The three pollsters also agree that the percentage of voters who are still undecided exceeds 20 percent, and that their ultimate decision to vote for either candidate could lead to a mandatory runoff election if no candidate receives 50 percent plus one vote.

This is the evaluation of the lastest polls conducted in the country because, as of 26 March, the National Election Board prohibits the media disclosure of any polls.

Through a resolution, the board says that any media disclosure of poll results as of today will cause levying of a fine of 1 million new soles ($500,000).

This sanction not only affects radio, television, and press, but also organizations and people violating the prohibition.

On 9 April 12 million Peruvians among the nearly 23 million inhabitants will elect the new government officials in general elections with the participation of 14 presidential slates and 2,400 candidates for the 120 congressional seats.

Uruguay

Government Issues Decree on Public Spending Reduction

PY2903020795 Montevideo EL PAIS in Spanish 23 Mar 95 p 10

[FBIS Translated Text] The Executive Branch yesterday issued a decree ordering a reduction of 1995 public spending to 90 percent of 1994 public spending, adjusted to the 12-month inflation rate that prevailed through January 1995 (44 percent).

This measure includes materials and supplies, nonpersonal services and materials and replacement parts for the programs under clauses 2 through 14 (Central Administration).

The decree also establishes that not more than 25 percent of the respective yearly credits for the abovementioned allocations and suballocations may be used every quarter unless authorized by the Economy and Finance Ministry whenever such spending is required, but observing the yearly ceiling.

Medical credit-union organizations may implement in April and May a 1—percent increase for the average fees of those individuals who are not members for life, without National Trust Fund [Fondo Nacional de Recursos] contributions and without considering the investments surcharge on membership fees.

The decree issued yesterday by the Executive Branch points out that this increase takes into account the wholesale price index increase and the foreign exchange rates prevailing in February, the March projections, and the impact of the difference between the projected and the real salary increase effective as of 1 March and its retroactivity.

The agencies involved have to report the April projections to the Economy and Finance Ministry between 23 and 24 March and the May projections before 21 April. The fees will become effective five working days after the day following the submission of the reports, if there are no problematical issues or points of contention.

Decree No. 204/994 on the export allowances system will remain in effect until 30 June.

The decree bears the signatures of the president of the Republic, the industry minister, the energy and mines minister, and the economy and finance minister.

Venezuela

Special Session of Congress Viewed

95SM0244A Caracas EL DIARIO DE CARACAS in Spanish 1 Mar 95 p 15

[Article by Nadia Perez and Iraima Gomez Ramirez]

[FBIS Translated Text] The special session of Congress that began on 31 January and ends today was marked by unsuccessful censure votes and debates on the financial crisis and freedom of expression. At its close, lawmakers promised that they would appoint the new independent members of the Supreme Electoral Council in a joint session, in keeping with the party consensus hammered out after seven months of dissension.

The legislators' aim in holding a special session and forgoing their legal recess was, among other things, to make headway on the emergency laws, the passage of which has been the administration's main condition for restoring the constitutional rights that were suspended in June of last year.

The president of the republic himself, Rafael Caldera, urged Congress to work on the issue on the day that the houses of the legislature opened their special session. An

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assessment of the month's efforts shows, however, that Congress succeeded only in partially passing the amendment to the Consumer Protection Law, which was sent back to the legislative committee since there was no consensus on Article 29, which has to do with factory cost. MAS [Movement Toward Socialism], Convergence, and Cause R accused AD [Democratic Action] and Copei [Social Christian Party] of opposing passage of the article owing to their alleged interests in the country's production sector, which they feel the measure will affect.

Congress also pledged to approve the Exchange System Law, the Suffrage Law, reform of the Public Patrimony Safeguard Law, creation of the Prison Buildings Fund, the Federal Police Law, constitutional reform, and possible investigations into the case of the group called Latinoamericana Progreso.

Although the bill to reform the Organic Suffrage Law was passed in the first debate, disagreement still exists on the drawing of the electoral jurisdictions for electing the councilmen, as the specialists on the Supreme Electoral Council are still wrapped up in this. This state of affairs could affect the normal schedule of activities leading up to the regional elections next December.

Constitutional reform is the issue that the ruling party, Convergence, took up as its banner for the special session. Although a special committee was appointed to define the methodology to be followed in the debate, so far the basic items to be discussed have not been specified in spite of the express interest of President Rafael Caldera, the main sponsor of reform.

Votes But No Censure

Early in the month, Copei announced firmly that it would sponsor a censure vote against the economy ministers, Ciro Anez Fonseca, Alberto Poletto, and Werner Corrales. The party itself contradicted this a few days later, at the close of its National Committee meeting. Nevertheless, the announcement elicited some interesting reactions, such as from the ruling party itself, whose congressional leader, Segundo Melendez, recommended that the Executive Branch rethink its economic policy.

During the special session lawmakers also received the head of Cordiplan [Office of Coordination and Planning], Werner Corrales, who submitted the Ninth Plan of the Nation. The plan was not much of a success among the legislators, who were disappointed by the overly general tone of the administration's message.

Some days later, Ciro Anez Fonseca submitted the agricultural programs of the Ninth Plan. They were very poorly received among lawmakers, especially the members of the Agriculture and Livestock Committee, who immediately backed a censure vote against the minister.

Debate began on schedule, but a sudden change in AD party bosses decided the fate of Anez Fonseca, who would have had to leave President Caldera's cabinet had he been censured.

The debate was suspended because of AD's supposed indecision, which left Deputy Amilcar Aponte on his own. Aponte, the chairman of the Agriculture and Livestock Committee, was the main proponent of the minister's departure. AD changed its mind, choosing to vote along with Convergence—presumably so that the ruling party would support a continued AD presidency of the Chamber of Deputies. Aponte's proposal was thus left hanging, as his own party crossed him.

The most active committees in the Chamber of Deputies this past month were Auditing, which is still investigating the bank crisis; Defense, which is trying to define accountability for the AMX-30 tanks; Ways and Means, which is looking into Orlando Castro's turning over of 36 radio stations to the government; and Social Affairs, which along with its Senate counterpart, has become the mediator of the air-traffic controllers conflict.

Military Analysts' on Situation of MBR

95SM0244B Caracas EL NACIONAL in Spanish 22 Feb 95 p D1

[Article by Javier Ignacio Mayorca]

[FBIS Translated Text] Three years after the armed uprising of army officers Hugo Chavez Frias and Francisco Arias Cardenas, military-intelligence agencies feel that grassroots support for the Bolivarian Revolutionary Movement 200 (MBR-200) has peaked, although certain mistakes in its political strategy are presumably forcing it to rethink its objectives or run the risk of permanent dissolution.

Since early in the year, military analysts have been devoting themselves to the task of assessing all of the actions and decisions (both public and private) of the main leaders of MBR-200, in an effort to ascertain their grassroots support, their main sources of income, and their chief political allies, among other things.

This past 4 February was thus a sort of landmark, a "new chapter" in the ongoing investigation of the self-styled Bolivarian Movement, which seems to arouse such concern in Boleita.

The Prelude: A Sly Fellow in Cuba

To speak of the MBR-200 has meant, since 1994, to speak of Lieutenant Colonel Hugo Chavez Frias. This impression has now been confirmed, as his counterpart, Francisco Arias Cardenas, the current president of the PAMI [Mother-Child Food Program] Foundation, has joined the administration.

Intelligence sources interpret this as a widening of the differences between the main leaders of the February uprising, especially concerning methods of achieving political power.

The question in this instance would seem to be: Is this revolution or reform? Boleita contends that Chavez

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remains bent on the first approach, whereas Arias and his group (because he has one too) have presumably opted for the latter.

Moreover, Arias has reportedly told small groups about his fears of "what someone like Chavez might do in power" in trying to carry out his "messianic, manipulative" rhetoric.

Various consequences had presumably arisen after these lines became drawn. On the one hand, it is said, "the top echelon of the movement has accused Chavez quite often of being too egoistic, centralist, and hegemonic."

On the other, the leader of the MBR presumably has an urgent need to bring some new blood into his internal cadres and to develop links with "civil society." This is thought to be the main reason for the alliances with the leaders of the putsch on 27 November (which was revealed in late 1994), with left-wing extremist groups scattered around universities all over the country (UJR, People's Disobedience, Red Flag, and many others), and with labor-movement representatives in the Socialist Workers Party and New Unionism.

These are, roughly speaking, the circumstances surrounding Hugo Chavez' trip to Cuba. His tour of the island was regarded as a mistake. Until then, intelligence analysts acknowledged, the MBR leader symbolized the most radical opposition to the Caldera administration, as expressed at times through "threats, both veiled and direct"—such as the famous "scaring" of the chief executive.

But the photograph of Fidel Castro embracing Chavez at Havana airport aroused suspicions galore. Boleita contends that the lieutenant colonel went to request assistance for a plan that could not be revealed, one tied to what has been dubbed "the international of swords," a leftist agenda. Castro declined to give such assistance, however, analysts remarked.

This is thought to have greatly widened the gap between Chavez and Arias Cardenas, who reportedly told his followers that the Chavez-Fidel meeting had reduced military support for the MBR.

The insurgency of the 1960s, which Cuba sponsored, is still remembered by the Armed Forces. Likewise, a broad segment of the military would refuse to take on the role of spreading the MBR's complex ideology among low-income sectors. This is, at least, what Arias Cardenas reportedly believes.

So, in 1995 the leaders of the failed 4 February coup presumably agree on just two specific issues: the need for a Constitutional Assembly, and a sweeping overhaul of the Supreme Electoral Council.

The Test of the Anniversary

According to commentary in the Armed Forces, this diagnosis of the MBR was borne out during the most recent anniversary of the uprising. They felt that in spite of the changes within the organization and its political errors, the event was a success, given the rallies in Caracas and some cities in the interior (Los Teques, Maracay, Charallave, Valencia, and others).

According to the commonly accepted estimate, 4,000 people gathered in Caracas Plaza alone, although certain Boleita specialists contend that actually no more than 2,500 showed up. The discrepancy, it bears noting, stems from the estimate of persons per square meter.

For the celebration of so-called "Dignity Day," they indicated, the MBR used seven buses from Oriente University, one from the Central University of Venezuela (UCV), one from the Cecilio Acosta Institute (Los Teques), and one from Carabobo University.

Word of the rallies had reportedly been spread at these colleges through subversive movements that after the fall of European communism "have tried to build ties with all of the experiences of involvement in political power, be they cultural, community-based, trade union, etc., in an effort to penetrate these institutions and avail themselves of their presence and influence among the populace." The rest of the people went to Caracas Plaza on their own.

Security agencies attached particular significance to the public speeches by Lieutenant Colonel Marcos Escalante, Colonel Higinio Castro, Inspector Freddy Bernal, the former commander of the Ceta group of the Metropolitan Police, and Captain Ismael Perez Sira, who described the Zamora Plan, undertaken during the failed coup on 27 November.

They also felt that Chavez questioned the president's authority that day when he said at the National Cemetery that Simon Bolivar is "the only person he recognized as commander-in-chief of the National Armed Forces."

And, of course, due note was taken of the presence of Enrique Ochoa Antich, the MAS secretary general, at events that day. This was interpreted as a sign of "that political party's [MAS] willingness to establish potential alliances, perhaps electoral alliances, with the MBR-200."

Intelligence reports cited the following noteworthy activities in the interior of the country: a meeting in the MBR House in Anaco, at the same time as another gathering in Bajada de Cantaurita, which was attended by Red Flag personnel; a march in Maracaibo, involving an estimated 500 persons, that ended up in Bolivar Plaza; and minor celebrations in the municipality of Vargas.

Chavez, analysts concluded, faces the challenge of enhancing his image among the public by stripping it of its leftist tilt. Internally, he presumably has to increase his organization's revenues and strengthen the "partisan resolve of the rank and file" by charting more realistic goals for them (such as "signing up so-and-so many

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activists"). This would mean defining the MBR as a political party, an institution that Chavez has denounced time and again.

Positions on Electoral Reform Outlined

95SM0243A Caracas EL NACIONAL in Spanish 17 Feb 95 p D1

[By Milagros Duran]

[FBIS Translated Text] As its first item of business yesterday, the Chamber of Deputies passed the Organic Electoral Law Reform Bill. During the debate on this bill, the various parliamentary groups defined their positions on several electoral issues.

The bill was reported out by the Chamber of Deputies' Special Committee for the Study of the Reform and presented to the floor by the committee chairman, Deputy Oscar Celli (AD [Democratic Action]).

During the debate, there was ample discussion of the electoral system's flaws, and each group made a number of recommendations to correct the defects that are weakening the credibility of the democratic system.

Electoral Court

One of the proposals that has the support of all the political groups is that of creating an Electoral Court to hear violations of the electoral law as well as any challenges that may be brought following the proclamation of winners. Such challenges have become a constant in all electoral proceedings.

By creating a court having specific jurisdiction over the electoral process, the deciding of these cases will be greatly expedited, thus avoiding what occurs at present—namely, that by the time the courts have rendered a verdict in favor of the challenger, the term of the legislature or of the government has practically expired. The idea of the reform is to provide for judges who will hear electoral matters only, with the object of expediting verdicts.

Mechanization

Another point, on which all groups—AD, COPEI [Social Christian Party], The R Cause, MAS [Movement Toward Socialism], and Convergence—agree, is the mechanizing of the vote count. AD is even prepared to agree to the mechanizing of the entire voting process, from the casting of the vote to its counting.

Elimination of Colors

AD and MAS proposed the elimination of colors from the ballot paper, deeming that its cost can be lowered if the listings are printed in black and white only. COPEI and The R Cause have expressed their reservations in this regard. Both parties believe that this change would most benefit AD, whose symbol contains white. This proposal may not find favorable reception.

Multinominal Electoral System

The issue of electoral systems is probably the reform bill's most controversial. It can be said that there is no consensus as to "which is" the fairest and most representative electoral system. Most experts assert that there is neither a totally bad system nor a totally good one. COPEI, MAS, and The R Cause agree on the need to eliminate the uninominal system because it involves an arbitrary districting of the municipality. Let us see the position of each party:

Jose Antonio Adrian (COPEI) proposed the multinominal system with proportional representation of minorities, because he believes that it guarantees the elector-elected relationship.

Julio Castillo [MAS] proposed the Open-Lists Nominal System, which, he said, gives voters greater freedom to choose the candidates of their preference. He asserted that "the electoral circuits experience has been an absurdity."

In agreement with MAS, Roy Daza (The R Cause) proposed the Open-Lists Nominal System in order to eliminate electoral circuits which, say members of The R Cause, have lent themselves to maneuvering aimed at the "irregular transporting of voters" to different places.

Oscar Celli (AD) advocated the Uninominal System, on the premise that by streamlining the percentages among voters, between one electoral circuit and another, the principle of single-member districting can be applied.

Jose Miguel Uzcategui (Convergence) did not specify his party's preference as to system, limiting his remarks to a few recommendations concerning the makeup of the committee and other points of a general nature.

Convergence Governor for Amazonas Sworn In

95SM0243B Caracas EL NACIONAL in Spanish 24 Feb 95 p D2

[By Ramon Meneses]

[FBIS Translated Text] Puerto Ayacucho—The governor of the state of Amazonas, Edgar Vicente Sayago, was removed from office when the Legislative Assembly, by a qualified majority (9 votes out of 11), rejected his Political and Administrative Performance Report and Balance Sheet for fiscal year 1994.

In his place, Deputy Nelson Devia was sworn in by the Legislative Assembly. After a tense day in which the dismissed Sayago refused to hand over the governorship, Devia became the country's first Convergence governor to assume that office in Amazonas.

Exactly one year ago, Amazonas's Legislature censured Edgar Sayago's Administration and proceeded to remove him from office, with seven deputies voting in favor of his removal. But the governor refused to surrender the Ayacucho office, and appealed to the CSJ

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[Supreme Court], claiming that he had been denied the right to defend himself, since the seven votes of the deputies who removed him from office did not constitute the required majority.

At this point, with the existence of two governors without authority—each claiming to have the law on his side—the population found itself being affected by the governmental paralysis.

Three months later, the Court decided that a minimum of eight votes constituted the necessary majority, and Sayago therefore continued in office. Yesterday he was again dismissed from office by the Legislature—this time with a majority consisting of nine votes against his administration and only two in favor.

The atmosphere in the region is charged with expectancy as a result of this decision by the Legislative Assembly, which was taken with four AD [Democratic Action] votes, and one vote each by Convergence, MAS [Movement Toward Socialism], ORA [expansion not given], an independent deputy of the COPEI [Social Christian Party] faction, and a deputy of the regional party UPA [Union for Advancement].

Bunkered

Upon learning of the decision, Governor Sayago's supporters entrenched themselves in the White Palace, barred the doors of the institution with chains, and refused to obey the Legislature's decision, forcing the president of the Assembly, Gloria Bravo, to call upon the DISIP [Directorate of Intelligence and Prevention Services] and the National Guard of the region for assistance in compelling compliance with the mandate of the Chamber of Deputies. Upon dismissing Edgar Sayago, the Chamber appointed Deputy Nelson Devia as temporary governor, pending election of the next governor in the December 1995 elections.

In the view of Deputy Gloria Bravo (MAS), Governor Sayago should have been removed from office last year to avert the damages that the entire region has suffered, which, she said, "range from the sphere of public security to the use of state funds for the personal benefit of the dismissed governor."

"There is not the least doubt in the world that this has been a corrupt administration from all angles, and we have paid dearly for the Court's decision to reinstate the governor in his functions last year."

- The dismissed governor Edgar Sayago [she indicated] thumbed his nose at the Office of the State Comptroller by piecemealing multimillion-bolivar contracts into contracts whose value did not exceed 500,000 bolivares so as to circumvent the required prior approval by that office. State funds were also found to have been used to benefit private entities, as for example in the construction of housing at costs in the range of multimillions, which was then ceded to individual entities with no social justification whatever.
- Sayago, she added, was also unable to account to the Comptroller's Office or to the Assembly for the final destination of a check he bought, in the amount of $36,928, and transferred to an institution in Miami. Still another instance of wrongdoing by the dismissed governor consists of having used the state's treasury as a petty cash fund for its executive branch, withdrawing sums by the millions via "vouchers" and other mechanisms characteristic of an untrustworthy administration.

The Only Convergence Governor

Deputy Nelson Devia becomes the country's first member of Convergence to assume the office of governor of Amazonas.

Upon being sworn in by the region's legislative Chamber of Deputies, Devia asserted that "a governor who has turned his back on the people cannot continue to control the destiny of a region all of whose sectors have endured growing economic and social marginalization. Peace and prosperity must now return to a region that is the nation's poorest."

Anticorruption Commissioner Explains Work

95SM0243C Caracas EL NACIONAL in Spanish 24 Feb 95 p D4

[FBIS Translated Text] The presidential commissioner for the fight against corruption, Adelso Gonzalez Urdaneta, has disclosed that his office is currently processing 110 reports, most of which refer to the current administration.

Gonzalez Urdaneta held a press conference on Thursday to provide information on his meeting with the president of the Republic on the 17th of this month, at which he presented a report on the performance of his current functions.

Although he declined to cite specific cases, he indicated that of the list of reports he has in hand, half a dozen involve alleged irregularities in the Ministry of Transport and Communications.

In a very general way, he commented that he handles cases such as those of the AMX-30 tanks, the IDEC [Consumer Protection Institute], investigation of Araure land held in the name of Fogade and Uribante-Caparo Development.

It was indicated that as of now there are no concrete reports against any minister; most of them point to mid-level officials.

Gonzalez Urdaneta also indicated that allegedly irregular dismissals of employees by some agencies are also being investigated.

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The commissioner stated that abuse of authority and express violation of existing laws may be being incurred.

He also indicated that he has received reports that exceed the purview of his office, such as those related to governors, mayors, and the private sector. He has forwarded these to the authorities concerned, such as the offices of the public prosecutor, the attorney general, and the comptroller.

He said that for the time being he is not in a position to report concrete results of his mission, inasmuch as, he reminded those present, it has been barely 30 days since he began "processing things with the thoroughness they warrant."

He promised that immediately upon completing the investigation of any given case, he will duly inform the nation's public.

"There will be no hiding from the nation of any decisions the Office of the Commissioner makes," he asserted.

He acknowledged that corruption cannot be eradicated—nor has it been curbed, he said, because, in his judgment, it is a phenomenon that is "inherent in the exercise of power."

It is an objective fact, known throughout Venezuela, that corruption has undermined the various strata not only of the public administration sector but also those of the private administration sector, "and this is why a comprehensive fight has been planned," he said.

He summarized the points agreed with President Caldera, as follows:

- The Code of Ethics and the Code of Guidelines for the Civil Service are being prepared, with the cooperation of the Copre [Presidential Commission for State Reform].
- The National Board of Ethics, and the Consultative and Strategic Committee, will both begin functioning.
- For reasons of austerity and because of operational demands during this initial stage, it has been agreed to not attend directly, for the time being, invitations received from abroad to participate in events on the subject of corruption, but rather to do so by way of delegation with the sending of materials by our office. Invitations have been received from France for 12-14 March 1995, and from China for 6-10 October 1995.
- The president of the Republic and the commissioner will meet on a date in the very near future with all the in-house comptrollers in the National Civil Service, centralized and decentralized, "to harmonize and define in detail the criteria and mechanisms for coordinating investigative procedures pertaining to their respective jurisdictions."
- The president has authorized the commissioner to carry out an institutional tour of all federal agencies to promote the fight against corruption and to promote the Voluntary Public Service.
- As regards reports received alleging corruption, the commissioner will concentrate his attention on those cases involving President Caldera's current administration.

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